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Rebuilding Brand Trust: The Role of Brand Apology and Implicit Belief

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Rebuilding Brand Trust: The Role of Brand Apology and Implicit Belief

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Dedication

To my parents,
Kyosung Song and Jungkyung Kim

Rebuilding Brand Trust: The Role of Brand Apology and Implicit Belief

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Many brands are suffering from declines in trust, and branding and public relations professionals are often perplexed regarding how to restore trust these days. Understanding the trust rebuilding process is important not only because trust strengthens consumer-brand relationships but also because trust can translate into an asset that increases the value of a brand. Thus, this dissertation focused on rebuilding brand trust and the conditions that facilitate or attenuate such processes. Specifically, this study investigated how various types of brand trust violation (e.g., competence vs. integrity) and brand apologies (e.g., external attribution vs. internal attribution) interplayed in affecting consumer coping strategies (i.e., consumer complaint behaviors) and the relationship trust repair process. Also, it examined the effects of consumers' mindsets—or implicit beliefs of self: their beliefs about whether human qualities are fixed or changeable. Such individual differences among consumers influence their judgments and decisions about others and the world, which would result in different perceptions regarding both trust-violating events and subsequent brand apologies. Two studies were conducted. Study 1 examined how people with different implicit beliefs perceived different types of brand trust violation (Consumer implicit beliefs \times Type of brand trust violation), and Study 2 investigated how people with different implicit beliefs perceived

different types of brand trust violation when they were provided with a brand apology (Consumer implicit beliefs \times Brand trust violation \times Brand Apology).

This dissertation yielded some intriguing findings. First, consistent with previous research, more constructive consumer responses (voice response, higher forgiveness, higher post-violation trust) were found when consumers received a brand apology with internal attribution for a competence-based brand trust violation and a brand apology with an external attribution for an integrity-based brand trust violation. Second, although consumer implicit beliefs did not always influence consumer responses, they did have an impact on private responses, third-party responses, and forgiveness. Consumers holding incremental beliefs were more likely to participate in private responses to an integrity-based trust violation than to a competence-based trust violation, while those holding entity beliefs did not show differences. Interestingly, however, it was consumers holding entity beliefs who were more likely to engage in third-party responses when receiving an apology with external (internal) attribution for a competence- (integrity-) based brand trust violation. A similar pattern was also found in forgiveness: only those holding entity beliefs showed a higher forgiveness level toward an integrity-based brand trust violation, while those holding incremental beliefs did not show differences.

Overall, this research highlights the importance of having a clear understanding of the type of brand trust violation and the characteristics of target audience, especially for brands in crisis that want to prepare an effective brand apology.

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CHAPTER 1. Introduction

In 2009, trust across all institutions in the U.S. dropped to the level of the Great Depression (Edelman, 2015). The decrease in trust among consumers has been exacerbated due to the emergence of big data, which raises consumer privacy issues, and the advent of new media, which facilitates the spread of negative information in the marketplace (Olenski, 2014). Furthermore, according to Edelman (2015), consumers will not buy products and services from companies they do not trust (63 % of respondents), and they will participate in negative word-of-mouth to criticize these brands (58% of respondents). Given these findings, trust, especially trust repair, deserves attention, but only a few empirical research studies have examined this topic (Schoorman, Mayer, & Davis, 2007). In response to the need for research on repairing trust, the present research discusses how to restore brand trust after it has been violated.

Trust benefits individuals, organizations, and public institutions in numerous ways. The presence of trust is known to increase relationship commitment (Ganesan & Hess, 1997; Garbarino & Johnson, 1999), facilitate cooperation within and between organizations (Dirks & Ferrin, 2002), enable effective relationship exchanges (Blau, 1968), and improve organizational performance (Gundlach & Murphy, 1993; Zaheer, McEvily, & Perrone, 1998) and job attitudes (Kramer, 1999). Trust is a key element and a robust predictor of successful marketing (Berry, 1996; Edelman, 2015; Morgan & Hunt, 1994). According to the Edelman Trust Barometer (Edelman, 2015), 80% of consumers choose to buy products or services because they trust the company or the provider, while 68% of consumers show a willingness to engage in positive word-of-mouth for

companies they trust. Today's emphasis on relationship marketing has induced more interest in trust and its role among both practitioners and researchers (Sirdeshmukh, Singh, & Sabol, 2002; Xie & Peng, 2009). Trust in marketing, for example, has been found to induce attitudinal and behavioral brand loyalty (Chaudhuri & Holbrook, 2001), increase brand commitment (Chaudhuri & Holbrook, 2002; Morgan & Hunt, 1994) and repurchase intention (Zboja & Voorhees, 2006), give consumers confidence in purchase decisions (Urban, Sultan, & Qualls, 2012), and create long-term profits (Urban, Sultan, & Qualls, 2000). As such, researchers have provided compelling empirical evidence for the positive consequences of trust in marketing (Chaudhuri & Holbrook, 2001, 2002; Sirdeshmukh et al., 2002; Zboja & Voorhees, 2006).

These constructive aspects of trust, however, do not always persist, and they can easily dissipate when trust is violated (Kramer & Tyler, 1995). Furthermore, the ubiquitous lack of trust in public institutions, organizations, and leaders makes it difficult for companies and brands to build trust or avoid attacks on that trust (Edelman, 2015). In this environment, when trust is violated, the negative consequences are even more severe and presumably more difficult to repair (Dahlen & Lange, 2006). Hence, it is crucial to investigate how to minimize the detrimental consequences of trust violations and rebuild trust. In addition, although trust has been extensively examined in relationship marketing settings such as in B2B (Raayruen & Miller, 2007; Young & Wilkinson, 1989) and in within-organization relationships (Rindfleisch, 2000), relatively little research has been conducted in consumer-brand relationships. Therefore, the primary objective of this study is to understand how to restore trust after it has been violated in consumer-brand

relationships. This study proposes brand apology as one effective trust repair strategy and investigates the conditions that make an apology more effective and lead to restored trust. More specifically, this study identifies two types of brand trust violations (competence-based and integrity-based, brand trust violations) and two types of brand apologies (external and internal attribution apologies), and it examines if and how each type of brand trust violation and brand apology influences the brand trust repair process. This study further examines how consumers' individual differences, whether they see themselves as changeable or not (mindsets), impact their perceptions of the brand trust repair process. The primary questions that this study investigates are as follows:

- (1) How do different types of brand trust (competence and integrity) violations affect consumers' coping responses to the violations?
- (2) How does brand apology (internal vs. external attribution) affect consumers' coping responses?
- (3) Does a consumer's implicit theory of moral character affect her coping response to a brand trust violation, and does her response vary depending on the type of brand trust violation and the type of apology?

This research contributes to the literature on brand trust and consumer behavior in several ways. Although a few key dimensions of brand trust, such as product performance, have been identified, brand trust tends to be regarded and measured as a single construct. For example, Chaudhuri and Holbrook (2001) measured brand trust as a single construct using four items: "I trust this brand," "This brand is safe," "This is an honest brand," and "I rely on this brand." A few studies have broken brand trust down into the three characteristics of competence, integrity, and benevolence; however, the

function of different dimensions in the brand trust repair process has not been explored. Doing so in this study will deepen the understanding of brand trust.

Just as previous research has not delved extensively into the characteristics of brand trust, neither has it explored brand apologies in detail. Although some literature on crisis communication has investigated brand apologies, only few studies examined its effects along with the types of trust violation (Ferrin, Kim, Cooper, & Dirks, 2007; Kim, Dirks, Cooper, & Ferrin, 2006). Hence, in addition to addressing the role of various characteristics of brand trust in the brand repair process, this study also identifies and examines two different types of brand apologies—brand apology with internal attribution and brand apology with external attribution—and investigates the effects of these two types of brand apologies on different types of brand trust violations.

Theories on interpersonal relationships provide insight into consumer-brand relationships based on analogies that can be drawn between them (Fournier, 1998), although not all theories that have been applied in the interpersonal context are applicable to the branding context (Swaminathan & Dommer, 2012). There are still some unexplored areas in consumer-brand relationships that can be understood through theories of interpersonal relationships, and this study suggests that brand trust is one of the areas requiring more research. Specifically, this study uses the concept of the implicit theory of self to better understand consumer behavior and coping strategies. When encountering personal or interpersonal setbacks, people with an incremental self view prefer different coping strategies than people with an entity self view (Kammrath & Dweck, 2006; Ng & Tong, 2013). An analogy between interpersonal and consumer-brand relationships will

provide another framework to understand individual differences among consumers in coping with brand trust violations. Specifically, this study investigates how consumers with one dominant implicit theory of self respond differently to brand trust violations compared to those with the other dominant implicit theory.

The remainder of this document will describe the study. Chapter 2 begins with a review of the relevant literature that describes the theoretical background for the study. This section also suggests a set of hypotheses and research questions. Chapter 3 provides research designs for two studies. Study 1 examines hypotheses 1 to 5. Study 2 investigates hypotheses 6 to 11. The last section discusses expected findings and contributions of this study.

CHAPTER 2. Literature Review and Hypothesis Development

This chapter provides an overview of existing literature on trust: definitions and antecedents of trust, the implications of trust violations and repair efforts, and the impact of social cognitive perspectives on the trust repair process (i.e., implicit theories of personality).

TRUST

Trust is defined as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (Rousseau, Sitkin, Burt, & Camerer, 1998). Despite disciplinary differences in approaching the concept of trust, two critical characteristics have been identified in defining trust and are considered to be common characteristics across disciplines: 1) trusting beliefs and 2) trusting intention (Colquitt, Scott, & LePine, 2007; Mayer, Davis, & Schoorman, 1995; Rousseau et al., 1998). Trusting beliefs are defined as confident expectations of the trustor (the party trusting another) toward the trustee (the party being trusted). Trusting intention, or a willingness to be vulnerable, refers to a willingness to make oneself vulnerable to another in the presence of risk (Kim, Ferrin, Cooper, & Dirks, 2004). Trusting beliefs lead to trusting intention, which refers to beliefs about another’s integrity, competence, or predictability (McKnight, Cummings, & Chervany, 1998).

Trusting intention and trusting beliefs have been seen as decisive factors in conceptualizing trust over the past two decades (G. R. Jones & George, 1998; Kim et al., 2004; Urban, Amyx, & Lorenzon, 2009). McKnight et al. (1998) noted that trust should

be understood as comprising these two characteristics because distinguishing them increases both the clarity and measurability of this complex and multifaceted concept.

In addition to the two characteristics of trust, there are two primary antecedents of trust: trust propensity and trustworthiness (Colquitt et al., 2007). Trust propensity represents the traits of the trustor, while trustworthiness represents traits of the trustee, and both the trustor and the trustee are necessary parties in trust relationships (Mayer et al., 1995). Trust propensity is a “stable within-party factor that will affect the likelihood the party will trust” (Mayer et al., 1995). Simply put, it refers to a generalized willingness to trust others, emphasizing the dispositional aspect of trust. Trust usually requires substantial data gathered from past experiences and interactions between the parties, but several researchers have argued that decisions about trust can also be made solely relying on a person’s disposition (i.e., personality) (Kee & Knox, 1970). Rotter (1967) first considered trust as an aspect of disposition or personality, defining interpersonal trust as a *generalized expectancy* that others’ words and promises are reliable. Since then, this dispositional aspect of trust has been referred to using other terms as well, such as *generalized expectations* (Farris, Senner, & Butterfield, 1973), *dispositional trust* (Kramer, 1999), and *trust propensity* (Mayer et al., 1995). Especially when the parties involved in the relationship are unfamiliar with each other and the interaction between them is insufficient, the importance of trust propensity is emphasized, and it functions as a primary determining factor in the decision to trust (Bigley & Pearce, 1998).

Trust research has focused on what makes a trustee trustworthy (Sirdeshmukh et al., 2002). Prior research on trust suggests that the characteristics of, and experiences

with, one party will determine whether that party is considered to be more or less trustworthy (Butler, 1991; Good, 2000; Hovland, Janis, & Kelley, 1953; Johnson-George & Swap, 1982). Although researchers have used various terms for trustworthiness, it is often found to be formed based on three characteristics: *competence*, *integrity*, and *benevolence* (Mayer et al., 1995; Xie & Peng, 2009). Research has proven that each characteristic is relevant and distinct, so these three characteristics most efficiently describe a major portion of trust (Colquitt et al., 2007).

The first dimension, competence, refers to ability (Mayer et al., 1995). The trustor regards the trustee as competent when the trustee holds certain skills, knowledge, expertise, and other characteristics in a specific domain (Xie & Peng, 2009). Competence is domain specific, so although a trustee can be highly competent in one area, he or she may not necessarily show high competence in other areas (Zand, 1972). As the most common characteristic in discussing trustworthiness (Barber, 1983), competence has been referred to not only as *competence* (Butler, 1991; Kee & Knox, 1970; Lieberman, 1981), but also as *ability* (Good, 2000; A. P. Jones, James, & Bruni, 1975; Sitkin & Roth, 1993) or *expertise* (Giffin, 1967; Hovland et al., 1953).

The second dimension of trust, integrity, involves adherence to moral and ethical principles that the trustor accepts (McFall, 1987). The relevance of integrity to trustworthiness has been supported (Gabarro, 1978; Lieberman, 1981; Ring & Van de Ven, 1992). Integrity is influenced by the trustee's characteristics such as consistency of past actions, reliable communications and interactions, a sense of justice, and congruence of actions and words (Mayer et al., 1995). Other research on trustworthiness, although

not specifically using the term integrity, has also discussed the concept of integrity using the terms *value congruence* (Sitkin & Roth, 1993), *consistency and fairness* (Butler, 1991), *reliability* (Giffin, 1967; Johnson-George & Swap, 1982), and *shared values* (Hart, Capps, Cangemi, & Caillouet, 1986).

The third dimension, benevolence, refers to a trustee's sincere concern for trustors and their interests and sound motivation to do good for them, apart from any egocentric profit motive (Mayer et al., 1995). Benevolence implies an emotional attachment, or positive orientation, toward trustors (Colquitt et al., 2007). As the opposite of the motivation to deceive, benevolence is considered to be central to decisions about trustworthiness (Hovland et al., 1953; Mayer et al., 1995). Trust literature on benevolence has studied it applying the general terms of *intentions* or *motives* (Cook & Wall, 1980; Giffin, 1967) or the more specific terms of not only *benevolence* (Larzelere & Huston, 1980; Solomon, 1960), but also *altruism* (Frost, Stimpson, & Maughan, 1978), *loyalty* (Butler, 1991), and *caring* (Mishra, 1995).

The three dimensions of trustworthiness—competence, benevolence, and integrity—are interrelated. These interrelationships highlight some important issues in trust research. First, each of the three dimensions that create a sense of trustworthiness can function independently of each other. Second, trustworthiness should be considered in terms of a continuum rather than a dichotomous concept of being either trustworthy or untrustworthy (Mayer et al., 1995). Therefore, each characteristic is not of equal importance in assessing trustworthiness. Instead, the context in which trustworthiness is evaluated determines the extent of the importance of each characteristic (Kim et al.,

2004). For example, developing and evaluating benevolence requires more direct interaction with the trustee than competence or integrity (Bigley & Pearce, 1998). As such, competence and integrity carry more weight in developing trust in the early stages of a relationship.

Due to the interrelationships among the dimensions, some researchers have doubted the independence of each dimension and have argued that the complexity and multi-faceted nature of trust may cause overlaps among the characteristics (Mayer & Gavin, 2005). However, solid theoretical support exists for the proposition that each characteristic presents separate and unique aspects of trustworthiness (Colquitt et al., 2007; Schoorman et al., 2007). For example, the distinctiveness of competence and the other two characteristics, integrity and benevolence, is obvious. Competence is a reflection of the trustee's abilities and performance and is physically observable and easier to discern than integrity and benevolence (Mayer et al., 1995). That is, competence concerns actual abilities to function successfully in a certain domain and performance ("can-do"), versus the willingness to do so ("will-do") (Colquitt et al., 2007).

Both integrity and benevolence represent the "will-do" aspect of trustworthiness as both characteristics concern whether the trustee intends to use his or her skills and abilities to meet the trustor's interests and benefits (Colquitt et al., 2007). The distinction between integrity and benevolence has been questioned, especially in terms of operationalization (Mayer et al., 1995). In this respect, Colquitt et al. (2007) proposed that integrity and benevolence can be distinguished as either a rational or emotional dimension of the "will-do" aspect, respectively. Thus, when trustors perceive trustees to

be of high or low integrity, it is likely that they rely on rational reasons involving principles of justice or ethics. However, when trustors consider benevolence, they are more likely to do so for emotional reasons such as caring or supportiveness (Lind, 2001). In addition, integrity tends to be considered in terms of an explicit contract, while benevolent behaviors surpass the scope of any such explicit agreement (Barber, 1983; Ganesan & Hess, 1997).

When considering various characteristics of trust, the stage of the relationship between the trustee and the trustor influences which characteristic of trustworthiness is predominant (Bigley & Pearce, 1998). Integrity and benevolence play important roles at different stages (Schoorman et al., 2007). As with competence, integrity is likely to be important at the initial stages of a relationship because as with abilities or performance, compliance with legal or moral values is easier to assess than is the benevolence or good will of a trustee (Mayer et al., 1995). In other words, competence and integrity are somewhat like dispositional qualities that can be evaluated without extensive interaction or experience with the trustee, so they are better diagnostic cues for trust at the beginning of a relationship (Kim et al., 2004; Schoorman et al., 2007). Benevolence, however, generally requires a certain amount of interaction and time to reveal itself, and thus emerges as a relationship becomes more mature and stable (Schoorman et al., 2007). In addition and more importantly, lack of egocentric motives is essential to benevolence (Mayer et al., 1995). Benevolence often takes the form of non-performance based actions that incur costs to the trustee (Sirdeshmukh et al., 2002).

The three separate and unique dimensions of competence, integrity, and benevolence both inform our understanding of trust and aid in analyzing trust violations. In other words, each type of trust violation is separate and unique based on which dimension of trustworthiness has been violated. Thus, a competence-based trust violation involves the lack of ability to perform. Similarly, since integrity involves both the trustee's adherence to legal or moral principles and the trustor's acceptance of such principles (McFall, 1987), an integrity-based trust violation means that the principles of the trustee are not acceptable to the trustor. Lastly, benevolence reflects the trustee's sincere concern for the trustor's interests apart from any egocentric profit motive or emotional attachment to trustors (Colquitt et al., 2007). Accordingly, a benevolence-based trust violation means the trustee failed to deliver or withdrew behaviors that favored the trustor, or alternatively that the trustor observed egocentric motives at work.

Trust violations are expected to induce different responses among trustors depending on the type of trust violation and depending on individual characteristics of the trustees. These differences require the trustee to offer different trust repair strategies. Hence, a better understanding of the trust repair process will require exploration of how trustee characteristics and trustor responses to different violations impact the trust repair process.

There are many studies that examined trust empirically; however most of the studies only included competence and integrity as dimensions of trust and excluded benevolence (Kim, Dirks, Cooper, & Ferrin, 2006; Kim et al., 2004). Possible justification has been discussed regarding this. First of all, benevolence requires

substantial amount of time to appear and thus tends to appear in well-established relationships (Mayer & Davis, 1999; Mayer et al., 1995). This could make demonstration of benevolence limited and complicated in an experimental setting. Second, although each dimension of trust is mutually exclusive, they are interrelated (Colquitt et al., 2007; Mayer et al., 1995). The relationship between integrity and benevolence is particularly related in that both of them are considered to be the “will-do” aspect of trust (Colquitt et al., 2007). Therefore, in this dissertation study, two components of trust, competence and integrity, were considered.

TRUST VIOLATION AND REPAIR

When people experience a trust violation, they cope with it in various ways, and understanding these coping responses is closely related to the success of the trust repair process. In the trust repair process, the trustor is not a mere passive recipient of a violating event and the trustee’s efforts to repair it. Instead, the trustor proactively evaluates the trust-violating event and the trustee’s repair efforts, responding to the event in accordance with such evaluations (Kammrath & Dweck, 2006; Kim, Dirks, & Cooper, 2009). How people appraise and respond to the transgression has been considered to be a successful predictor of forgiveness (McCullough et al., 1998) and repaired trust (Kim et al., 2006; Kim et al., 2004) in interpersonal relationships, and of repurchase intentions (Paulssen & Bagozzi, 2009), repatronage intentions (Blodgett, Granbois, & Walters, 1994) brand loyalty (Richins, 1983) and consumer social welfare (Andreasen, 1985) in consumer-brand relationships.

The trustor's appraisal of trust violations determines how consumers respond to those violations (Kim et al., 2006; Liu & McClure, 2001; Singh & Wilkes, 1996). Among many typologies of consumer coping responses, this study employs consumer complaint behaviors, which include voice responses, private responses, and third-party responses.

Although consumer appraisals of transgressions are highly dependent on personal characteristics of the individuals who experience the transgressions, few studies have investigated the individual-level differences of trustors in the trust repair process. Among many possible individual difference frameworks, the current research explores how trustors' beliefs about malleability—implicit theories of self—influence their appraisal of a trust-violating event and the effect of such beliefs on the trust repair process. Implicit theories of self suggest a new approach that enables researchers to involve the trustee as another variable to understand the dynamics of such relationships (Baldwin, 2006; Fletcher & Fincham, 2013). Thus, it will help to explore how different individual beliefs, expectations, and meaning systems induce constructive and destructive coping responses among trustors in the trust repair process (Kammrath & Dweck, 2006; Ng & Tong, 2013).

Implicit Theories of Moral Character: Incremental versus Entity Beliefs

People interpret and understand themselves, others, and their social world based on their belief structures, or meaning systems, which help them organize and understand the nature of the world (Dweck, Chiu, & Hong, 1995). As these belief structures differ from person to person, people interpret, understand, and behave in different ways even in

the same situations (Dweck, 2000). Accordingly, meaning systems can play an important role in understanding what causes individual-level differences in various contexts such as academic performance (Dweck & Leggett, 1988), relationship maintenance (Kammrath & Dweck, 2006), and conflict coping strategies (Ng & Tong, 2013). Among the many meaning systems available, the implicit theory of self is one of the most studied approaches (J. K. Park & John, 2010). Implicit theories of moral character explain how people's beliefs about moral character can create different psychological interpretations (Dweck, 2000). They explain individual responses and behaviors based on beliefs about malleability—whether personalities, intelligence, and morality can change or not (Hong, Chiu, Dweck, Lin, & Wan, 1999). Two distinct implicit theories of self are available: the incremental theory and the entity theory. Basically, people who adopt the incremental theory are likely to believe that traits are malleable and can be improved through effort, whereas people who adopt the entity theory are likely to believe that traits are fixed so they cannot be improved (Dweck et al., 1995). Since implicit theories of self are conceptualized as a continuum where incremental and entity theory can be anchored at each end of the continuum, neither theory can be seen as correct or better than the other (Dweck & Leggett, 1988). They function only as alternative views (Dweck et al., 1995). Although implicit beliefs are not determinants of individual behavior, they do influence behaviors and also how people judge others (Dweck et al., 1995). Prior research has revealed that people holding incremental versus entity beliefs behave differently in various contexts including academic performance (Diener & Dweck, 1978; Hong et al., 1999), interpersonal relationships (Kammrath & Dweck, 2006; Ng & Tong, 2013),

personal setbacks (Dweck et al., 1995), and self-enhancement behaviors (J. K. Park & John, 2010). In addition, implicit theories of self impact attitudes and perspectives toward social situations by providing a framework within which to interpret, understand, and predict them (Dweck et al., 1995). They have also enabled research in such areas as image and stereotype formation (Levy, Stroessner, & Dweck, 1998) and marketing communication (J. K. Park & John, 2010; Puzakova, Kwak, & Rocereto, 2013; Yorkston, Nunes, & Matta, 2010).

Those holding incremental views believe that traits can be changed and improved through effort and learning (Butler, 1991). These people therefore consider situational factors rather than relying on personality traits in making judgments and understanding causal attribution (Chiu, Hong, & Dweck, 1997). Those holding incremental beliefs have a process-focused thinking style that views a given situation as the outcome of a series of processes (e.g., low motivation can bring poor performance) rather than the representation of associated traits (e.g., low competence brings poor performance) (Diener & Dweck, 1978). Therefore, when those who hold incremental beliefs need to evaluate a certain situation, they require more examples of past situations instead of relying on a single behavior in order to have confidence in their judgments (Chiu, Hong, et al., 1997). Also, in making causal attributions, those who hold incremental beliefs consider contextual factors available regarding the situations they evaluate. For example, when they need to make judgments about their or others' poor performance, they tend to be willing to accept situational factors that could impact the outcome such as motivation and workload (Dweck & Leggett, 1988).

In contrast, those who hold entity beliefs see traits as fixed and thus expect behaviors to be consistent over time and across situations (Dweck, 2000). They consider both their strength and weaknesses to be traits they cannot change. Based on this belief about fixedness, they use an outcome-focused thinking style, which makes them believe that the outcome reflects corresponding traits (e.g., poor academic performance reflects low intelligence) (Diener & Dweck, 1978). Thus, for people holding entity beliefs, a single behavior or situation not only works as a reliable indicator of corresponding traits but also allows them to have more confidence and make rather quick judgments and predictions about future behavior (Dweck et al., 1995). For example, research on image formation has revealed that those with entity beliefs tend to rely on first impressions and prior attitudes or knowledge, such as stereotypes and categorization, when they make judgments about others or their behaviors (Levy et al., 1998).

Implicit Theories of Moral Character and Coping Strategies

Several studies have examined the impact of incremental versus entity beliefs on the way people respond to and cope with transgressions (Kammrath & Dweck, 2006; Ng & Tong, 2013; Ruvolo & Rotondo, 1998). People vary in their propensity to trust depending on their personality, cultural background, and experiences (Hofstede, 1984), which eventually influence the way people engage in the trust repair process (Kammrath & Dweck, 2006; Ng & Tong, 2013; Ruvolo & Rotondo, 1998). Basically, when reacting to the wrongdoing of others, people holding an incremental self-belief tend to give others a second chance, offer suggestions to improve the situation, and prefer rehabilitation over

punishment, all of which are considered to be constructive responses (Chiu, Dweck, Tong, & Fu, 1997; Gervy, Chiu, Hong, & Dweck, 1999). On the other hand, people with an entity self-belief tend to punish others or seek compensation, responses to wrongdoing that are destructive of the relationship (Chiu, Dweck, et al., 1997; Murphy & Dweck, 2016). While both those with incremental and those with entity beliefs might either maintain or leave the transgressed relationship, they do so with different drives underlying their different coping strategies (Kammrath & Dweck, 2006).

People with an incremental view tend to use relationship-maintaining strategies, actively engaging within the context of the transgression in order to solve the problem and thereby maintain the relationship (Kammrath & Dweck, 2006). They actively engage because (1) they believe traits can be changed and a single event cannot serve as a reliable indicator of underlying character traits (Chiu, Hong, et al., 1997; Kammrath & Dweck, 2006), and (2) they believe they can improve the situation through their efforts (Kammrath & Dweck, 2006). Coping strategies are goal-directed (Day, 1980), so when people holding an incremental self-view aim to improve the situation by engaging in relationship-maintaining strategies, the impact of their engagement is expected to be immediate and obvious (Chiu, Dweck, et al., 1997; Farrell, 1983).

At the same time, however, people holding an incremental self-view may also engage in relationship-undermining strategies (Kammrath & Dweck, 2006). Although people with an incremental self-view are still actively engaged within the context of the transgression, they may blame the transgressor and seek to end the transgressed relationship. When they end the relationship, it is because (1) they believe that traits can

be changed and thus the transgressor should have managed the issue before it actually became a transgression (Kammrath & Dweck, 2006) and (2) they consider negative information available from the transgression to be highly pertinent and in evaluating the relationship situationally (Kim et al., 2004).

As to the first point, people with an incremental self-view use a process-focused thinking style that causes them not only to consider contextual information but also to consider the outcome as a series of processes needing to be controlled (Gervey et al., 1999). They believe that the transgressor needs to do something in these processes to achieve the desired goal (Diener & Dweck, 1978; Stipek & Gralinski, 1996). Thus, when encountering an interpersonal transgression, those who hold incremental views believe that the transgressor should have managed the situation before it actually happened and presume that the transgressor failed to put a sufficient amount of effort into maintaining the relationship (Ng & Tong, 2013). This also explains why incremental beliefs tend to result in blaming the transgressor and exiting the relationship in the end. The aforementioned characteristics of incremental beliefs explain why these people react so actively and directly to impact the transgressed relationships, no matter whether they decide to maintain or leave a relationship.

As to the second point, people with an incremental self-view are less likely than those with an entity self-view to forgive the transgressor when they tend to perceive the transgressor to have a high level of responsibility (Kammrath & Dweck, 2006). When evaluating the situation, people holding an incremental self-view consider information that is pertinent to the situation rather than previously existing information (Levy et al.,

1998). The pertinent information available at the time of the transgression may be quite negative, pointing to lack of responsibility or a host of other things that resonate negatively, which explains why incremental beliefs can lead these people to be less forgiving in some situations.

In contrast to people with an incremental belief, those with an entity belief are expected to respond rather passively to transgressions. These people believe in the fixedness of personal characteristics and tend to believe that they are stuck with these characteristics and the situations they create (Dweck et al., 1995). This belief shapes their reactions to transgressions. In general, beliefs about fixedness induce relationship-undermining strategies when people with an entity belief encounter transgressions. Specifically, those who hold entity beliefs will be passive: they will leave things alone until the relationship deteriorates by itself (Kammrath & Dweck, 2006). This is because they believe that (1) the outcome represents fixed traits (Dweck, 2000), so that any transgression reflects lack of ability or effort to maintain the relationship; and that (2) their own efforts to solve the problem are costs without benefits (Hong et al., 1999). These passive coping strategies mean that their reactions to transgression may not be observable and therefore will not immediately or significantly change the situation (Farrell, 1983). At the same time, however, entity beliefs about fixedness may also induce relationship-maintaining strategies. While those with entity beliefs do not actively engage in solving the problem, they can decide to stay in the relationship and wait until the problem fixes itself (Blau, 1968; Paulssen & Bagozzi, 2009). This becomes possible if, despite the entity belief in the fixedness of traits, the transgressor actively appeals to

the entity target to consider the transgression as a one-time mistake that will not happen again (Kim et al., 2006), especially when the entity targets think that strengths of the transgressor outweigh weaknesses.

In general, those holding incremental beliefs prefer coping strategies that involve their active engagement in the face of a perceived transgression, and they tend to favor relationship-maintaining strategies; those holding entity beliefs prefer coping strategies that are passive and that tend to be relationship-undermining in the face of a perceived transgression.

Different implicit beliefs not only result in preferred coping strategies, but they also influence the extent of trust recovery after a trust violation (Haselhuhn, Schweitzer, & Wood, 2010). Employing a repeated trust game through which a counterpart violates trust and apologizes, Haselhuhn et al. (2010) found that an implicit belief in moral character moderates the trust recovery process: people holding an incremental self-view were more likely to trust a transgressor again following an apology and subsequent trustworthy behavior. This study empirically showed implicit belief to be a determining factor in the trust recovery process, however, this finding may be limited in that this study did not consider the possible effect on the trust recovery process of the type of violation and the type of apology.

To sum up, beliefs about malleability will lead those with incremental views to be actively involved in and directly impact the transgressed relationship. Thus, those with incremental views cope with a transgression by either attempting to change the situation or affirmatively deciding to leave the relationship. On the other hand, beliefs about

fixedness among entity theorists will lead them not to actively engage the transgressed relationship. Accordingly, those with entity views cope with the transgression by continuing the relationship without rocking the boat. Implicit incremental beliefs may lead to greater acceptance of an apology and subsequent trustworthy behavior than will entity beliefs. An analogy between interpersonal and consumer-brand relationships implies that consumers could show similar patterns to brand transgressions or brand trust violations. This research seeks to explore the parameters of brand transgressions and trust violations, including type of brand violation and apology.

Consumer Responses to Brand Trust Violation

When consumers encounter negative brand experiences, they respond to them in a variety of ways. A few theoretical approaches attempt to understand how consumers respond to their negative experiences with brands (Blodgett & Granbois, 1992; Day & Landon, 1977; Hirschman, 1970; Singh, 1988; Singh & Wilkes, 1996), and there is substantial consistency across different approaches (Liu & McClure, 2001; Singh, 1988). Among many, Singh (1988) taxonomy has been considered to be so integrated that it provides satisfactory representations of each type of consumer complaint behavior (Liu & McClure, 2001; Singh & Wilkes, 1996). According to Singh (1988), consumer complaint behavior consists of multiple complaint behaviors that are triggered by negative purchase or brand experiences, and they typically include three types of responses: voice responses, third party responses, and private responses. Which response will occur depends on whether it is directed inside or outside of the consumer's social circle and

whether it is made to those directly involved in (and thought to be responsible for) the negative experience that is the subject of the complaint (Singh, 1988). First, *voice* responses are made external to the consumer's social circle to those directly involved in the negative experience. Consumers involved in voice responses directly contact the brand (external to social circle), inform the owner of the brand about the situation, and ultimately seek specific "remedies" to fix their negative experiences (direct involvement in experience) (Day, 1980; Liu & McClure, 2001). Contacting customer service and asking for a recall are two examples of voice responses. Although not all voice responses are successful in bringing positive consequences to consumers, consumers who voice their complaints do so in the belief that the brand will be responsive to their complaints (Singh, 1988; Singh & Wilkes, 1996). This behavior fits the profile of those holding incremental beliefs; therefore, it is more likely that consumers with an incremental belief will engage in voice responses than those with an entity belief.

Second, *private* responses are internal to a consumer's social circle, and are not made to those directly involved in causing their negative experiences. Consumers engaging in private responses share negative experiences they have heard about with others in their social circles and recommend that these people not use the products or services in the future (Singh, 1988). Private responses create negative word-of-mouth. Private responses also include the responders' own actions in terminating the relationship with the brand and switching brands (Liu & McClure, 2001).

Third, *third party* responses are consumer complaint behaviors that are external to the consumer's social circle but are made to those who are not directly involved in the

negative experiences. Consumers making third party responses contact external organizations, such as legal agencies and the news media (external to the consumers' social circles), and report their experiences or take legal actions (indirect response to those involved in experiences) (Singh, 1988). Third party responses are often considered to be a higher order of complaint behavior than voicing complaints, which often have preceded the third party responses (Blodgett & Granbois, 1992). In regards to this, Singh and Wilkes (1996) even indicated that the likelihood of participating in voice responses and private responses are antecedents to the likelihood of being involved in third party responses. This does not suggest, however, that voice and private responses themselves are always antecedents to third-party responses. For example, consumers engaging in voice responses do not necessarily participate in third-party responses if the target brand is responsive enough to their complaints. Similarly, if consumers making private responses believe their complaints are sufficient enough to prevent future reoccurrences, they will not engage in third-party responses. The objective of third-party responses for consumers is, therefore, to show disapproval of the brand, call attention to wrongdoing, or punish the brand.

There are a few characteristics of consumer complaint behaviors that need to be considered. First of all, there has to be some negative brand experiences to induce consumers to engage in complaint behaviors. The existence of perceived dissatisfaction used to be considered to be the sole trigger for consumer complaint behaviors (Day, 1984; Landon Jr, 1980); however, it has recently been suggested that anger as well as dissatisfaction trigger consumer complaint behaviors, that these need to be differentiated

to understand complaint behaviors, and that dissatisfaction actually does not have a direct impact on consumer complaint behaviors (Bougie, Pieters, & Zeelenberg, 2003). Second, consumer complaint behaviors involve both behavioral and non-behavioral responses (Day, Grabicke, Schaetzle, & Staubach, 1981; Richins, 1983), which can be better understood by considering whether a consumer response to the transgressions is active or passive as well as whether it is constructive or destructive (Hirschman, 1970). Actually, for the same trust violating event, consumers with an incremental belief may voice their complaints to the brand while those with an entity belief may not engage in any behaviors that come to the surface but decide to let the relationship end itself (Kammrath & Dweck, 2006). Third, consumer complaint behaviors are defined as a “set of multiple complaint behaviors” (Singh, 1988), suggesting that consumers engage in more than one complaint behavior to one trust violating incident (J. Aaker, Fournier, & Brasel, 2004; Day, 1984; Richins, 1983). For example, consumers may participate in negative word-of-mouth (private responses) while seeking remedies from the brand (voice responses). This multiplicity also indicates that each type of response to consumer complaints is a separate process influenced by different factors (Richins, 1987). Lastly, consumer complaint behaviors are goal-directed behaviors (Day, 1980; Singh & Wilkes, 1996). Consumers participate in complaint behaviors to obtain desired objectives although these behaviors do not always bring the expected consequences (Day, 1980). The goal of each complaint behavior is different. For example, consumers engage in voice responses when they seek specific remedies for the incident from the brand and when they believe the brand will be responsive enough to react to their complaints (Singh & Wilkes, 1996). Consumers use

private responses to communicate their negative experiences for reasons other than seeking redress so as to prevent any future occurrence from happening to themselves or others in their social circles. Third-party responses are adopted when consumers think that the brand is not responsive or that the chance of improving the situation is low (Singh & Wilkes, 1996). Similarly, third-party responses are expected to be “hard” actions for consumers requiring extra effort, while voice and private responses are relatively “easy” choices (Blodgett & Granbois, 1992).

Then, in what situations do consumers who encounter negative brand experiences engage in voice responses, third-party responses, or private responses? To answer this question, the following section explores how people process negative information. Based on the notion that negative information is processed differently according to whether the matter concerns competence or integrity (Martijn, Spears, Van der Pligt, & Jakobs, 1992; Votola & Unnava, 2006), this study expects that consumers will process different types of brand trust violations in different ways and that these differences will influence how consumers with incremental or entity beliefs respond to the brand trust violation.

Negative Information Processing and Brand Trust Violations

A trust violation challenges trustors’ beliefs and expectations about the trustee. To resolve the discrepancies between prior beliefs and current beliefs after a trust violation, trustors take active roles in the trust repair process by considering it as a decision-making process (Kim et al., 2004). That is, trustors actively evaluate and interpret available

information about a trust violation rather than merely receiving information (Snyder & Stukas Jr, 1999). This implies that the way trustors perceive and process a trust violation will impact the effectiveness and success of the trust repair process.

Prior research has revealed some inherent differences in processing positive versus negative information especially when information is about competence versus integrity (Madon, Jussim, & Eccles, 1997; Skowronski & Carlston, 1987; Votola & Unnava, 2006). Specifically, when people process information and make inferences about it, positive information about competence (e.g., good performance) is regarded as more informative (Martijn et al., 1992), diagnostic (Skowronski & Carlston, 1987), and influential (Reeder & Brewer, 1979) than negative information (e.g., poor performance). On the other hand, when people process information about integrity and make inferences about it, negative information (e.g., immoral behavior) becomes more informative, diagnostic, and influential than positive information (e.g., moral behavior). Here, more informative, diagnostic, and influential information about either competence or integrity is more likely to lead to a certain inference about the trustee (Martijn et al., 1992). For instance, positive information about competence can provide compelling evidence of competence and thus lead to an inference about one's competence. In contrast, negative information about competence caused by one transgression does not provide enough evidence for trustors to convince themselves of a trustee's competence. Similarly, negative information about integrity serves as evidence of immorality and is more likely to lead to an inference of immorality, whereas positive information about integrity is not enough to lead to inferences of morality.

Due to the diagnostic value of positive (negative) information about competence (integrity), analyzing the processes of making inferences is referred to as a diagnostic approach or interpretation (Reeder & Brewer, 1979; Skowronski & Carlston, 1987). This approach provides another similar but more trust-violation relevant explanation about the aforementioned inherent differences between positive and negative information. First, one mistake in performance (negative information about competence) is not informative enough to imply that the trustee is incompetent because the trustee can show varying levels of performance based on other conditions such as motivation, mood, and external conditions (Skowronski & Carlston, 1987). However, a certain high level of performance (positive information about competence) is informative enough to conclude the trustee is competent because a trustee with only certain skills or knowledge can perform at such a high level (Kim et al., 2006; Reeder & Brewer, 1979). In contrast, low competence is regarded as restricting performance because people who lack competence can only perform at a low level (Reeder & Brewer, 1979).

Information about integrity is processed in the opposite way. It is believed that a moral trustee (high integrity) will always exhibit moral behavior (Reeder & Brewer, 1979; Skowronski & Carlston, 1987). Accordingly, one immoral behavior, or one piece of negative information about integrity, provides enough evidence to conclude that the trustee is immoral (low integrity) (Reeder & Brewer, 1979). In contrast, multiple moral behaviors (positive information about integrity) do not necessarily reflect a trustee's high integrity because even an immoral trustee can exhibit moral behaviors if specific

conditions, such as external pressure and social desirability, exist (Day & Landon, 1977; Singh, 1988; Skowronski & Carlston, 1987).

If there are inherent differences in information processing, how do these differences influence the way that consumers process a brand trust violation? More specifically, will consumers with different implicit beliefs respond to different types of brand trust violations in different ways? This study assumes that consumers holding different implicit beliefs will perceive the same brand trust violation differently, leading them to respond to the violation differently in terms of consumer complaint responses (voice responses, private responses, and third party responses), forgiveness, and post-violation trust.

RESEARCH HYPOTHESES (STUDY 1)

When experiencing a brand trust violation, consumers with incremental beliefs basically tend to actively participate in the situation (Chiu, Hong, et al., 1997; Kammrath & Dweck, 2006), and thus, are more likely to engage in voice responses than those with entity beliefs. As for the type of brand trust violation, a competence-based brand trust violation is expected to attract more voice responses than an integrity-based brand trust violation. This is because negative information about competence tends to be viewed as a one-time mistake and this belief leads consumers to perceive a higher possibility for the situation to improve (Dweck et al., 1995; Skowronski & Carlston, 1987) and voice responses are preferred when brand responsiveness is assumed (Singh, 1988). Furthermore, this study predicts that consumers with incremental beliefs will be more

likely than those holding entity beliefs to engage in voice responses toward a competence-based trust violation while they are less likely to engage in voice responses toward an integrity-based trust violation. That is, because of the positivity effect on competence that makes negative information about competence less diagnostic than that about integrity (Martijn et al., 1992), consumers holding incremental beliefs tend to regard the incident as a one-time mistake, which can be related to the incremental beliefs about the improvement and a second chance. Accordingly, this study expects that consumers holding incremental beliefs will be more likely to show voice responses, consumer efforts repair the relationship, toward a competence-based trust violation. By contrast, as for an integrity-based trust violation, this study predicts that consumers holding incremental beliefs will be less likely to use voice responses than those with entity beliefs. Due to negativity effect on integrity that makes negative information about integrity more diagnostic than that about competence, consumers holding incremental views are expected to evaluate the incident in a negative way: they will believe that a brand must have control over whatever happens regarding the brand because they believe in the possibility of improving situations through its efforts (Kammrath & Dweck, 2006). Thus, when integrity-based brand trust is violated, consumers with incremental views believe that the brand should have tried harder to prevent trust violations and that more of the blame and responsibility should go to the brand. The relevant hypotheses for consumers with incremental beliefs are as follows:

- H1a:** Consumers who hold incremental beliefs will be more likely to use voice responses after competence-based brand trust violations, and less likely to use voice responses after integrity-based brand trust violations.

On the other hand, consumers who hold entity beliefs faced with an integrity-based brand trust violation are expected to respond similarly toward both a competence- and an integrity-based brand trust violation. In contrast to those holding incremental beliefs, those holding entity beliefs view efforts to improve a situation are merely costs without benefits (Dweck, 2000). Specifically, since they believe that qualities are fixed and that the outcome reflects those fixed qualities (Dweck et al., 1995), they may not see any room to improve regarding brand trust violations so feel no need to seek redress. Thus, when encountering a brand trust violation, consumers with entity beliefs are expected to show less varied responses when they are not directly involved in the situation compared to those with incremental beliefs. The voice response hypothesis for consumers with entity beliefs is as follows:

H1b: Regardless of the types of brand trust violations, consumers who hold entity beliefs will show similar voice responses toward brand trust violations.

Private responses are different from voice responses in that their objective in complaining is not to seek remedies to improve the situation but rather is to communicate their experiences for future reference for themselves and others in their social circle (Singh, 1988). With respect to the relationship between voice and private responses, previous research indicates that consumers who expect positive consequences from voice responses are less likely to engage in private responses (Singh, 1988) and that private responses, negative word-of-mouth in particular, tend to occur when consumers perceive that there would be a lack of brand responsiveness if they sought a remedy (Singh, 1990).

Therefore, it is expected that consumers with entity beliefs will be more likely to engage in private responses than those with incremental beliefs, which is supported by their beliefs about the low chance of improving the situation. Therefore, a following hypothesis is put forth:

H2a: Consumers who hold entity beliefs will be more likely to engage in private responses toward a brand trust violation than those holding incremental beliefs.

Furthermore, this study expects there to be an interaction between implicit beliefs and the type of trust violation: consumers with incremental beliefs will be more likely to show private responses to integrity-based trust violations than to competence-based trust violations while consumers with entity beliefs will respond with private responses to both types of trust violations. Thus, the following hypotheses are posited:

H2b: Consumers who hold incremental beliefs will be more likely to engage in private responses to integrity-based brand trust violations than to competence-based brand trust violations.

H2c: Regardless of the type of brand trust violations, consumers who hold entity beliefs will show similar private responses toward brand trust violations.

Third-party responses are considered to be positioned as a higher order of consumer complaint responses than either voice responses or private responses (Singh, 1988), meaning that third-party responses are preceded by unsuccessful voice and/or private responses. In other words, consumers tend to engage in third-party responses when voice or private responses have failed to bring the desired outcomes (Blodgett & Granbois, 1992). Therefore, consumers who are less likely to find either voice or private

responses helpful as complaint behaviors, namely consumers holding entity beliefs, are more likely to engage in third-party responses. Similarly, based on the negativity effect with respect to information received about integrity, this study assumes that integrity-based trust violations will be more likely to cause third-party responses by consumers. This is because consumers are less likely to engage in third-party responses when they believe that voice responses are worth trying (Singh, 1990). Therefore, two third-party response hypotheses are as follow:

H3a: Consumers who hold incremental beliefs will be more likely to engage in third-party responses to an integrity-based brand trust violation than to a competence-based brand trust violations.

H3b: Regardless of the type of brand trust violations, consumers who hold entity beliefs will show similar third-party responses toward brand trust violations.

Forgiveness and Post-Violation Trust

Forgiveness cancels relationship debts caused by the transgression and restores trust (Eaton & Struthers, 2006), demonstrating the willingness to rebuild the transgressed relationship (Eaton, Struthers, & Santelli, 2006; Exline, Baumeister, McCullough, Pargament, & Thoresen, 2000; McCullough & Witvliet, 2002; Molden & Finkel, 2010). Eventually, forgiveness is described in terms of pro-social behaviors toward the transgressor (Struthers, Eaton, Santelli, Uchiyama, & Shirvani, 2008). Recently, Murphy and Dweck (2016) have proposed in their conceptual paper that people with incremental beliefs may be more likely than those with entity beliefs to give a brand an opportunity to improve the situation, accept its efforts and apology, and be quicker to forgive. Indeed,

although not investigating forgiveness, Haselhuhn et al. (2010) empirically have shown that people holding incremental beliefs are more likely than those holding entity beliefs to accept apologies and regain trust. Therefore, this study predicts that consumers holding incremental beliefs (versus entity beliefs) are more likely to forgive a brand.

Additionally, this study expects the type of trust violation to affect the level of forgiveness in that consumers will be more likely to forgive a competence-based trust violation than an integrity-based trust violation (Kim et al., 2006), which in turn suggests an interaction relationship between implicit beliefs and trust violations. We hypothesize:

H4a: Consumers with incremental beliefs will be more likely to forgive a competence-based trust violation than an integrity-based trust violation.

H4b: Regardless of the type of trust violations, consumers who hold entity beliefs will show a similar level of forgiveness toward the brand.

This study predicts a similar pattern will be found in terms of post-violation trust that consists of consumer trust belief and trust intent after the trust-violating incident occurs.

A following hypothesis is suggested:

H5a: Consumers with incremental beliefs will be more likely to show a higher post-violation trust after competence-based trust violations than after integrity-based trust violations.

H5b: Regardless of the type of trust violations, consumers who hold entity beliefs will show a similar level of post-violation trust toward the brand.

How consumer implicit beliefs impact the brand trust repair process enables an understanding of how consumers evaluate and respond to violations in different ways.

However, the brand trust repair process is influenced not only by consumers' responses but also by brands' responses to the violation (Kim et al., 2004). Then, how can a brand

respond to its trust violation? How will the brand's responses influence the ways consumers cope with brand trust violations? The following section suggests apology as one type of possible response by a brand after a trust violations and discusses how a brand apology can either facilitate or hinder the brand trust repair process.

APOLOGY AND TRUST REPAIR

The trust repair process involves “activities directed at making a trustor's trusting beliefs and trusting intentions more positive after a violation is perceived to have occurred” (Kim et al., 2004), and thus its success is directly associated with how appropriate trust repair efforts are managed (Kim et al., 2009; Schoorman et al., 2007). The trust repair process is often considered as more demanding and challenging than the initial trust building process in several ways (Slovic, 1993). First, compared to building trust initially, the trust repair process requires a different magnitude of trust so it is more difficult and complex (Tomlinson & Mryer, 2009). Judgments about trustworthiness are formulated through interactions and experiences, which are often lacking in the initial stage of relationships (McKnight et al., 1998). However, people can still show a certain level of trust even in the initial stage of relationships because new relationships often assume a certain level of trust (Xie & Peng, 2009). Although this given level of trust can be considered as a starting point of trust, a trust violation actually causes the level of trust to fall below its initial starting point instead of returning to it (Schoorman et al., 2007), requiring a greater effort to restore trust than the initial development of trust (Kim et al., 2004). Therefore, the trust repair process should involve not only the strategies to

overcome negative expectations caused by a trust violation, but also those to reestablish positive expectations about the trustee (Kim et al., 2006). Another reason for demanding efforts for the trust repair process is that negative information caused by a trust violation tends to remain obtrusive and last relatively longer than positive information regardless of how many trust repair efforts trustees put forth and whether the problem finally gets solved (Slovic, 1993). Therefore, a trust violation requires the immediate and appropriate attention of the trustees in order to minimize destructive consequences as well as to facilitate the trust repair process. Based upon the aforementioned discussion, this study investigates the type of brand apology and its impact on the brand trust repair process.

How Apology Works

A successful trust repair process begins with understanding how the trustee responds to and manages the trust violation. The trustee's appropriate responses not only enable the recovery efforts to improve trustworthiness among trustors, but also increase the level of forgiveness and overall trust accordingly (Tyler, 1997). Among many, apology is one of the most frequently adopted and effective strategies in the trust repair process (Dawar & Pillutla, 2000). Thus, how apology works in the trust repair process has been a longstanding, central interest in the organizational and relationship literature (Bottom, Gibson, Daniels, & Murnighan, 2002; Walster, Berscheid, & Walster, 1973). An apology "acknowledges both responsibility and regret for a trust violation" (Kim et al., 2006). As described in the definition, apology involves, and thus, signals the acceptance of blame and the assumption of responsibility (Lewick & Bunker, 1996).

Despite this acknowledgement of guilt, the assumption of some ownership for the trust-violating event can also reflect the intention to redeem the situation at the same time, which successfully repairs the trust (Lewick & Bunker, 1996). In addition, an apology also can communicate the trustee's intention to prevent future violating events by decreasing the trustor's doubts about the trustee (Lyon & Cameron, 2004). Furthermore, in comparison to financial compensation that focuses on the exchange aspects of relationships, an apology communicates expressions of regret as well as the trustee's emotional involvement in the situation and understanding of the trustor's suffering (Xie & Peng, 2009). This emphasizes the communal aspects of relationships.

Equity theory explains how apology works in restoring relationships and violated trust. Equity theory basically understands relational satisfaction based on whether relational resources are equally distributed in interpersonal or organizational relationships (Adams, 1965). Relational resources include both the input that people invest in relationships and the outcome that they expect from relationships (Guerrero, Andersen, & Afifi, 2013), and the equality or inequality of these resources determines relational satisfaction (Adams, 1965). When a trust violation happens, it causes psychological inequality of relational resources in relationships (Guerrero et al., 2013; Walster et al., 1973). Apology is one of the most effective equality-restoring techniques as it attenuates the anger and revengeful thoughts of the trustor as expressions of personal suffering and a plea for forgiveness to the trustor (Smith, Bolton, & Wagner, 1999). Furthermore, since a proactive and effective apology lowers the status of the trustee while elevating the status

of trustors, it is expected to make the relationships even more equitable compared to previous relationships (Walster et al., 1973).

Another theory to understand how apology works is interactional justice. Interactional justice refers to the degree to which the trustee and the trustors believe that they are treated with dignity and politeness in the relationship (Smith et al., 1999). Apology can enhance the trustor's perceived interactional justice, which is positively related to satisfaction about the recovery efforts and the restored trust level (Tax, Brown, & Chandrashekar, 1998). Apology can be applicable and effective in the majority of the trust repair process (Bottom et al., 2002). This is not different in a marketing context. Although it has not been explicitly named as apology, apology is not a new concept, and its benefits have been supported in consumer-brand relationships (Xie & Peng, 2009).

As previously mentioned, consumers with incremental theory are expected to respond with an active-constructive response to a competence-based brand trust violation, while responding with an active-destructive response to an integrity-based brand trust violation. In contrast, consumers with entity theory are expected to respond with a passive-destructive response to both a competence-based and integrity-based brand trust violation. Then, how will they respond if they are provided with a brand apology following brand trust violation? When considering the aforementioned functions of apology, one might expect both consumers with incremental theory and those with entity theory to be more likely to use constructive responses (voice, loyalty) and less likely to use destructive responses (exit, neglect). However, prior research has shown that this is not always the case (Kim et al., 2006; Kim et al., 2004). An apology does not always

provide benefits, and it can even backfire. An apology can worsen the situation because the acknowledgement of guilt in an apology by the trustee can damage trust to a greater extent than any benefits expected from apologizing (Kim et al., 2006). Therefore, it is crucial to identify when the benefits of apology outweigh its costs in trust repair. To further investigate this, this study discusses attribution theory and describes the nature of apology in more detail.

Nature of Apology: Attribution Theory

Apology offers opportunities for the trustee to explain a trust violation and to better persuade the trustors. The process of explanation is “the act or process of making something clear or understandable (Shaw, Wild, & Colquitt, 2003); the fairness in this process determines the fairness of its outcomes (Bies & Moag, 1986). In the trust repair process, a stronger explanation offered by the trustee makes the causes of a trust violation more justifiable, consequently offering more acceptable apologies to trustors (Shaw et al., 2003). It is attribution theory, and a discounting principle in particular, that can modulate the strength of an explanation of apologies (Wong & Weiner, 1981).

Attribution theory assumes that people tend to interpret the contexts surrounding them in a certain way to maintain their positive self-view (Weiner, Amirkhan, Folkes, & Verette, 1987), concerning causal explanations to answer causal questions (i.e., questions beginning with why) (Weiner, 1986; Wong & Weiner, 1981). Initially originated to understand motivation in academic performance, attribution theory indicates that people explain a context differently based on whether it provides positive information (i.e.,

success) or negative information (i.e., failure): positive information tends to lead people to characterize the situation as internal, stable, and controllable, whereas negative information tends to make people to consider it as external, unstable, and uncontrollable (McClure, 1998). A discounting principle is a cornerstone in attribution theory (Heider, 2013; Kelley, 1973). A discounting principle basically suggests that the impact of one cause on the outcome is discounted if another plausible cause for the outcome exists (McClure, 1998). This allows a comparative rating between two plausible causes of a certain situation (Kelley, 1973), especially when two given causes seem to represent the opposite ends of an explanation and they are negatively related. Examples of opposite explanations include external versus internal attribution, dispositional versus situational attribution, and luck versus effort (Weiner, 2001). In the trust repair process, apologies can describe a comparative portion of possible causes, and this will determine the perceived extent of responsibility that the trustor needs to assume; that is, whether it is full or partial responsibility (Kim et al., 2004). Specifically, following attribution theory, the trustee can develop and offer an apology with external attribution to emphasize the assumption of partial or no responsibility by attributing the transgression to external factors, whereas providing an apology with internal attribution reflects the willingness to assume full responsibility.

When external attribution is used, people attribute a certain event to external factors. For example, if a student blames his poor grade on his hectic exam schedule instead of his ability, the student is using external attribution. External attribution assumes that people tend to make attributions to external factors to lessen their

responsibility and mitigate the blame when bad things happen to them (Weiner, 2001). External attribution is desirable in most situations that require management of negative information and negative situations (Blanchard, Lopez-de-Silanes, & Shleifer, 1994; Latane & Darley, 1968; Milgram & Van den Haag, 1978). This is because people use external attribution as a psychological defense to protect themselves from negative impacts of the situation (Hamilton et al. 1988) and to reduce their negative emotions (Weiner et al., 1987). Similarly, in the trust repair process, trustees tend to use external attribution when they need to mitigate a great amount of perceived responsibility following a trust violation (Kim et al., 2004). By attributing responsibility for guilt to external factors, trustees can alleviate the impact of guilt on themselves, which mitigates the blame accordingly (Kim et al., 2006).

However, external attribution is not always preferred (Blanchard et al., 1994). Since external attribution sometimes signals the lack of capacity, norms, or loyalties (Blanchard et al., 1994; Tedeschi & Reiss, 1981), it can cause the trustee to be considered as an excuse giver who is deceptive, self-interested, and incompetent (Schlenker, Pontari, & Christopher, 2001). If this is the case, assuming responsibility can help the trustee, which can be done by internal attribution. When internal attribution is adopted, people attribute a certain event to internal factors. For example, if a student blames his poor grade on his ability, the student is using internal attribution. Internal attribution in the trust repair process may be avoided initially because it verifies the guilt that the trustee needs to take responsibility for (Weiner, 1992). However, internal attribution can benefit the trust repair process in some aspect because it reflects that the trustee intends to

redeem himself or herself after a trust violation (Hodgins & Liebeskind, 2003). This intended redemption also promises no recurrence of the same event in the future (Lyon & Cameron, 2004). Several empirical studies have identified the superiority of internal attribution in certain contexts (Kim et al., 2006; Kim et al., 2004; Tomlinson & Mryer, 2009). For example, internal attribution appears to increase the chances of reconciliation (Tomlinson, Dineen, & Lewicki, 2004) and improve post-violation attitudes and expectations by expressing a strong willingness to rectify the situation (Hodgins & Liebeskind, 2003).

As discussed above, if both external and internal attribution work effectively only in a certain context, which context will make one type of attribution more appropriate in an apology in repairing trust? The following section addresses this question.

RESEARCH HYPOTHESES (STUDY 2)

As previously discussed, the inherent differences in processing negative information about competence and integrity provide insights into understanding why a different type of trust violation needs to employ a different type of apology to be effectively managed. Specifically, prior research suggests that a competence-based trust violation requires an apology with an internal attribution, whereas an integrity-based trust violation requires an apology with an external attribution (Kim et al., 2006; Kim et al., 2004). First, a competence-based trust violation requires apology with internal attribution because (1) it needs to stress the trustee's intention to assume the blame and redeem the current situation (Kim et al., 2006) and because (2) it is internal attribution that relies on

the admission of guilt and assumes full responsibility for the incident (Weiner, 1993). When a competence-based trust violation happens, it provides trustors with negative information about the trustee's competence. Since negative information about competence is not informative and diagnostic enough to make a confident judgment about a trustee's incompetence (Skowronski & Carlston, 1987), this allows some room for the trustee to show the intended redemption even after the acknowledgement of guilt (Lyon & Cameron, 2004; Martijn et al., 1992). Furthermore, trustors believe that even a competent person can sometimes make mistakes, and thus, may show many levels of performance including a high level if some external factors that influence the trustee's performance exist (Reeder & Brewer, 1979; Skowronski & Carlston, 1987). Reflecting this belief, the trustee can assert that this competence-based trust violation is a single occurrence by admitting guilt so it reflects the intended redemption of the situation (Kim et al., 2004). On the other hand, based on the same reasoning, an apology with external attribution for a competence-based trust violation may worsen the situation. That is, since negative information about competence is not informative and diagnostic (Reeder & Brewer, 1979), if the trustee provides an apology with external attribution, it will increase the impression that the trustee wants to shun the responsibility despite the fact that the trustee has done something wrong. It also signals that the trustee is insincere (Kim et al., 2004). In regards to consumer complaint responses, it is expected that consumers will be more likely to engage in voice responses and less likely engage in private and third-party responses when the brand provides consumers with an apology with internal attribution.

On the other hand, consumers are more likely to engage in private and third party responses when the brand provides an apology with external attribution.

Second, an integrity-based trust violation requires an apology with external attribution to be effectively managed because (1) responses to an integrity-based trust violation need to mitigate the blame (Kim et al., 2006), and because (2) it is external attribution that can attenuate the impact of negative information by providing external factors as the cause of the violation. When an integrity-based trust violation happens, there is no doubt about blame because negative information about integrity in itself is a diagnostic cue for the immorality of the trustee (Reeder & Brewer, 1979). Thus, internal attribution in this case just unnecessarily confirms the trustee's low integrity instead of signaling intention to redeem, which will aggravate the situation (Kim et al., 2004).

Since the acknowledgement of guilt cannot reduce the perceived blame in the integrity-based trust violation, the trustee needs to directly mitigate the blame by attributing the cause of violation to external factors. External attribution will work as a psychological defense to reduce the negative impact of a trust violation on a trustee (Hamilton, Sherman, & Ruvolo, 1990). As for consumers' responses to an integrity-based brand trust violation, it is expected that consumers will be more likely to show constructive responses (voice, loyalty) when a brand apology with external attribution is provided. In contrast, they will be more likely to show destructive responses (exit, neglect) when a brand apology with internal attribution is provided. These predictions are described as follows:

For a competence-based brand trust violation:

- H6:** When an internal (versus external) attribution brand apology is provided, consumers are less likely to engage in voice responses (**a**), private responses (**b**), and third-party responses (**c**), and more likely to show higher levels of forgiveness (**d**) and post-violation trust (**e**).
- H7:** When an external (versus internal) attribution brand apology is provided, consumers are more likely to engage in voice responses (**a**), private responses (**b**), and third-party responses (**c**), and more likely to show lower levels of forgiveness (**d**) and post-violation trust (**e**).

For an integrity-based brand trust violation:

- H8:** When an external (versus internal) attribution brand apology is provided, consumers are less likely to engage in voice responses (**a**), private responses (**b**), and third-party responses (**c**), and more likely to show higher levels of forgiveness (**d**) and post-violation trust (**e**).
- H9:** When an internal (versus external) attribution brand apology is provided, consumers are more likely to engage in voice responses (**a**), private responses (**b**), and third-party responses (**c**), and more likely to show lower levels of forgiveness (**d**) and post-violation trust (**e**).

These predictions can be further refined based on consumer implicit beliefs. As previously discussed, consumers with an incremental belief are more likely to actively and directly discuss the incident because they believe in the malleability of the quality (Hovland et al., 1953; Kammrath & Dweck, 2006; Ng & Tong, 2013), whereas consumers with an entity belief are less likely to express their opinions because their belief about fixedness leads them to believe that they are less likely to have an obvious impact on the current situation (Ng & Tong, 2013; Ruvoilo & Rotondo, 1998). Therefore, it is predicted that the aforementioned predicted relationships between trust violation and brand apology will be stronger among consumers holding incremental beliefs in voice responses, private responses, forgiveness, and post-violation trust than those holding entity beliefs (Hypothesis 10). For third-party responses, it is hypothesized that the

predicted interplay between trust violation and brand apology will be stronger among consumers holding entity beliefs than those holding incremental beliefs (Hypothesis 11; modified reflecting the results of Study 1). Table 1 summarizes the hypotheses.

Hypothesis	Method	IVs	DV(s)
H1a: Consumers who hold incremental beliefs will be more likely to use voice responses after competence-based brand trust violations, and less likely to use voice responses after integrity-based trust violations.	(Study 1) 2 × 2 ANCOVA	Trust Violation Implicit Belief	Voice Responses
H1b: Regardless of the types of brand trust violations, consumers who hold entity beliefs will show similar voice responses toward trust violations.	Post Hoc Test		
H2a: Consumers who experience an integrity-based brand trust violation will be more likely to engage in private than those who experience a competence-based brand trust violation.	(Study 1) 2 × 2 ANCOVA	Trust Violation Implicit Belief	Private Responses
H2b: Consumers who hold incremental beliefs will be more likely to engage in private responses to integrity-based trust violations than to competence-based brand trust violations.	Post Hoc Test		
H2c: Regardless of the type of brand trust violations, consumers who hold entity beliefs will show similar private responses toward trust violations.			
H3a: Consumers who hold incremental beliefs will be more likely to engage in third-party responses to an integrity-based trust violation than to a competence-based trust violation.	(Study 1) 2 × 2 ANCOVA	Trust Violation Implicit Belief	Third-Party Responses
H3b: Regardless of the type of brand trust violations, consumers who hold entity beliefs will show similar third-party responses toward trust violations.	Post Hoc Test		

Table 1: Summary of Hypotheses

Hypothesis	Method	IVs	DV(s)
H4a: Consumers with incremental beliefs will be more likely to forgive a competence-based trust violation than an integrity-based trust violation.	(Study 1) 2×2 ANCOVA	Trust Violation Implicit Belief	Forgiveness
H4b: Regardless of the type of trust violations, consumers who hold entity beliefs will forgive the brand similarly.	Post Hoc Test		
H5a: Consumers with incremental beliefs will show a higher post-violation trust after competence-based trust violations than after integrity-based trust violations.	(Study 1) 2×2 ANCOVA	Trust Violation Implicit Belief	Post-Violation Trust
H5b: Regardless of the type of trust violations, consumers who hold entity beliefs will show similar level of post-violation trust.	Post Hoc Test		
For a competence-based brand trust violation: H6: When an internal (vs. external) attribution brand apology is provided, consumers are less likely to engage in voice responses (a), private responses (b) and third-party responses (c), and more likely to show higher level of forgiveness (d) and post-violation trust (e).	(Study 2) $2 \times 2 \times 2$ ANCOVA Post Hoc Test	Trust Violation Brand Apology Implicit Belief	(a) Voice R. (b) Private R. (c) Third-Party R. (d) Forgiveness (e) Post-Violation Trust
For a competence-based brand trust violation: H7: When an external (vs. internal) attribution brand apology is provided, consumers are more likely to engage in voice responses (a), private responses (b), and third-party responses (c), more likely to show lower level of forgiveness (d) and post-violation trust (e).	(Study 2) $2 \times 2 \times 2$ ANCOVA Post Hoc Test	Trust Violation Brand Apology Implicit Belief	(a) Voice R. (b) Private R. (c) Third-Party R. (d) Forgiveness (e) Post-Violation Trust
For an integrity-based brand trust violation: H8: When an external (vs. internal) attribution brand apology is provided, consumers are less likely to engage in voice responses (a), private responses (b) and third-party responses (c), and more likely to show higher level of forgiveness (d) and post-violation trust (e).	(Study 2) $2 \times 2 \times 2$ ANCOVA Post Hoc Test	Trust Violation Brand Apology Implicit Belief	(a) Voice R. (b) Private R. (c) Third-Party R. (d) Forgiveness (e) Post-Violation Trust

Table 1: Summary of Hypotheses (Cont.)

Hypothesis	Method	IVs	DV(s)
For an integrity-based brand trust violation:	(Study 2)	Trust Violation Brand Apology	(a) Voice R. (b) Private R.
H9: When an internal (vs. external) attribution brand apology is provided, consumers are more likely to engage in voice responses (a) , private responses (b) , and third-party responses (c) , more likely to show lower level of forgiveness (d) and post-violation trust (e) .	2 × 2 × 2 ANCOVA Post Hoc Test	Implicit Belief	(c) Third-Party R. (d) Forgiveness (e) Post-Violation Trust
H10: The aforementioned predicted relationships between trust violation and brand apology will be stronger among consumers holding incremental beliefs in voice responses (a) , private responses (b) , forgiveness (c) , and post-violation trust (d) than those holding entity beliefs.	(Study 2) 2 × 2 × 2 ANCOVA Post Hoc Test	Trust Violation Brand Apology Implicit Belief	(a) Voice R. (b) Private R. (c) Forgiveness (d) Post-Violation Trust
H11: The predicted interplay between trust violation and brand apology in third-party responses will be stronger among consumers holding entity beliefs than those holding incremental beliefs.	(Study 2) 2 × 2 × 2 ANCOVA Post Hoc Test	Trust Violation Brand Apology Implicit Belief	Third-Party R.

Table 1: Summary of Hypotheses (Cont.)

CHAPTER 3. Study One and Two

Two main studies were conducted to test the proposed hypotheses. Study 1 examined the interplay between consumer implicit beliefs and the type of brand trust violation. Study 2 investigated the effect of brand apology on the relationship between consumer implicit beliefs and the type of brand trust violation.

STUDY 1

The primary objective of Study 1 was to understand how different types of brand trust violation and consumer implicit belief affect consumer complaint responses to the violation. Study 1 addressed two main issues. First, this study distinguished between a competence-based brand trust violation and an integrity-based brand trust violation. Based on this distinction, this study examined the interaction effects between brand trust violation and consumer implicit belief.

Stimuli Development: Brand Trust Violation

Stimuli were developed using a fictitious wearable technology company, Company X, and its product *ABC*. Wearable technology business, wearable fitness devices in particular, was selected for the external validity of the study. According to Nielsen's Connected Life Report, 73 percent of Americans are aware of wearable devices, and among them, 61 percent are actual users of fitness bands (Nielsen, 2013). Also, one-third of U.S. smartphone users, approximately 46 million, responded that they accessed the apps on smartphones that connect them with their wearable devices. Four scenarios, two scenarios for each type of brand trust violation, were created based on the

news articles reporting trust violation events in the United States. Participants were given two randomly assigned scenarios. They included the incidents that 1) ABC showed poor performance (Competence 1); 2) ABC caused skin irritation (Competence 2); 3) Company X hired away its competitor's employees (Integrity 1); and 4) Company X dodged taxes (Integrity 2).

Pretests

Before proceeding with the main experiments, a series of pretests determined the execution of the experimental manipulations that corresponded to independent variables of the main study. The first pretest was to develop the manipulation of two types of brand trust violation (i.e., competence-related and integrity-related trust violation) and determine equivalent degree of the incident (i.e., severity, plausibility). From a survey of the 45 participants, a total of 83 samples were collected. The final sample size ($n=83$) was decreased from the initial sample ($45 \text{ participants} \times 2 \text{ scenarios}$) due to extreme and consistent high and low rating patterns.

The first pretest results, with the measure adopted from Mayer and Davis (1999) and Xie and Peng (2009), showed that perceptions of brand trust violation about Company X in four scenarios significantly differed from one another: Competence Version 1 (poor performance): ($M_{\text{competence}} = 5.95$; $M_{\text{integrity}} = 3.67$; $t(19) = 6.67$; $p < .001$), Competence Version 2 (skin irritation): ($M_{\text{competence}} = 5.75$; $M_{\text{integrity}} = 3.33$; $t(19) = 10.85$; $p < .001$), Integrity Version 1 (hiring away competitors' employees): ($M_{\text{competence}} = 4.12$; $M_{\text{integrity}} = 6.65$; $t(21) = -7.20$; $p < .001$), Integrity Version 2 (tax dodging): ($M_{\text{competence}} =$

3.68; $M_{\text{integrity}} = 6.36$; $t(20) = -8.22$; $p < .001$). In addition, the paired samples t test with a one-item seven semantic differential scale also confirmed that manipulation of brand trust violation type was successful: $M_{\text{competence1}} = 6$; $M_{\text{competence2}} = 5.56$; $M_{\text{integrity1}} = 3.18$; $M_{\text{integrity2}} = 3.57$ ($M_{\text{competence1}}$ versus $M_{\text{integrity1}}$, $t(19) = 5.83$; $p < .001$; $M_{\text{competence1}}$ versus $M_{\text{integrity2}}$, $t(19) = 4.67$; $p < .001$; $M_{\text{competence2}}$ versus $M_{\text{integrity1}}$, $t(19) = 5.08$; $p < .001$; $M_{\text{competence2}}$ versus $M_{\text{integrity2}}$, $t(19) = 3.63$; $p = .002$).

The first pretest also determined equivalent severity of brand trust violation. A four-item seven-point semantic differential scale anchored by trivial/serious, insignificant/significant, unimportant/important, and positive/negative. The results of the paired samples t test indicated no significant differences in the pairs: $M_{\text{competence1}} = 5.95$; $M_{\text{competence2}} = 6.24$; $M_{\text{integrity1}} = 6.45$; $M_{\text{integrity2}} = 6.49$ ($M_{\text{competence1}}$ versus $M_{\text{integrity1}}$, $t(19) = -1.82$; $p = .84$; $M_{\text{competence1}}$ versus $M_{\text{integrity2}}$, $t(19) = -1.92$; $p = .07$; $M_{\text{competence2}}$ versus $M_{\text{integrity1}}$, $t(19) = -.85$; $p = .41$; $M_{\text{competence2}}$ versus $M_{\text{integrity2}}$, $t(19) = -.91$; $p = .377$). Finally, all four scenarios were also perceived as plausible with a three-item seven-point semantic differential scale anchored by not plausible, credible, and did make sense ($M_{\text{competence1}} = 6.50$; $M_{\text{competence2}} = 6.03$; $M_{\text{integrity1}} = 6.33$; $M_{\text{integrity2}} = 6.57$). Based on the first pretest, Competence 2 scenario (skin irritation) and Integrity 1 scenario (hiring competitors' employees) were selected for the main study.

Measures

Several measures were employed to measure participants' implicit beliefs, consumer complaint responses (i.e., voice responses, private responses, third-party

responses), post-violation trust, forgiveness, anger, dissatisfaction, and product involvement. For implicit beliefs, the items were summed to create two groups using a median split. For the other measures, a single index was created averaging the items. Participants were asked to indicate how much they agree with the item on a 7-point scale.

Independent Variables

Implicit Beliefs. Participants' level of implicit beliefs about the malleability was assessed using a total of three items, all of which measured the entity beliefs (Dweck et al., 1995). Items measuring the incremental beliefs were not included because previous research showed that the explicit statements depicting incremental beliefs compelled the participants' preferences, making them get higher scores (Chiu, Dweck, et al., 1997). Also, since implicit belief is a uni-dimensional construct, inclusion of items for both beliefs could be redundant. Furthermore, there has been an empirical evidence that the disagreement of the entity beliefs can be considered to represent the agreement of incremental beliefs (Chiu, Dweck, et al., 1997; Levy et al., 1998). Accordingly, the measure consisted of three entity beliefs items, including "A person's moral character is something very basic about them and it can't be changed much," "Whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed very much," and "There is not much that can be done to change a person's moral traits." Each item was scored on a seven-point Likert scale, ranging from 1 = "strongly disagree" to 7 = "strongly agree" ($\alpha = .95$). The items were reversed-coded, summed, and median split.

Dependent Variables

Consumer Complaint Responses. Three types of consumer complaint responses were assessed: voice responses, private responses, and third-party responses, all of which were adopted from Singh (1988). Voice responses measure consists of four items (e.g., “Ask the brand to take care of the problem,” “Informed the firm about the problem”) ($\alpha = .95$). To measure private responses, four items were asked, such as “Avoided the brand’s product from then on,” “Spoke to your friends and relatives about your bad experience” ($\alpha = .81$). Three items were used to assess third-party responses (e.g., “Reported the problem to a consumer agency,” “Took legal action against the brand”) ($\alpha = .90$). All items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to “7 = “strongly agree.” Each set of items was averaged to create a single index.

Forgiveness. Participants’ level of forgiveness of the brand was measured based on six items modified from Thompson and Synder (2003). Example items included “I would get stuck in negative thoughts about the brand,” “I would continue to think negatively about the brand,” and “I would eventually let go of negative thoughts about the incident and the brand” ($\alpha = .86$). All items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to “7 = “strongly agree.” Three out of six items were reverse coded, and all six items were averaged to create a single index.

Post-Violation Trust. Participants’ level of trust toward the brand was measured based on six items modified from Sirdeshmukh et al. (2002); Xie and Peng (2009). The measure consists of two parts: trust belief and trust intent. Three items assessed trust belief: “I trust this brand,” “This brand is dependable,” and “This brand is reliable.” The

other three items assessed trust intent, each of which asked about intention of repeat purchase, recommendation, and new product trial. All items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to “7 = “strongly agree” ($\alpha = .95$). Six items were averaged to create a single index.

Covariates

Anger and Dissatisfaction. Study 1 included anger and dissatisfaction as covariates because these two negative emotions have been known to influence the extent to which consumer engage in complaint behaviors (Bougie et al., 2003; Kammrath & Dweck, 2006; Singh & Wilkes, 1996). Participants’ level of anger was assessed using a total of three items, which was adopted from Bougie et al. (2003). The items were presented with the following question: “How did you feel about the incident described in the news article you just read?” For example, the items stated, “I felt enraged about the incident,” “I felt angry about the incident,” and “I felt mad about the incident.” The measure was rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to 7 = “strongly agree” ($\alpha = .94$). The average of the items was used as a single index.

Participants’ level of anger was assessed using a total of three items, which was adopted from Bougie et al. (2003). The items were presented with the following question: “How did you feel about the incident described in the news article you just read?” Example items included: “I felt dissatisfied,” “I felt displeased,” and “I felt discontented.” The measure was rated on a seven-point Likert scale, ranging from 1 =

“strongly disagree” to 7 = “strongly agree” ($\alpha = .97$). The items were averaged to create a single index.

Product Involvement. Product involvement was also included as a covariate for Study 1 because it has been considered as one of critical factors influencing consumer-brand relationships in various context such as relationship marketing in general (Martin, 1998), post-purchase satisfaction (Richins & Bloch, 1991), and impact of brand trust on brand outcomes (Chaudhuri & Holbrook, 2002). For example, Suh and Youjae (2006) found that product involvement could decrease the impact of brand satisfaction on brand attitude. Participants’ level of product involvement was measured using a five-item, seven-point scale anchored by important/unimportant, of no concern/of concern to me, means a lot to me/means nothing to me, matters to me/does not matter, and significant/insignificant (Zaichkowsky, 1985) ($\alpha = .97$).

Manipulation Check

A total of six items were used to assess whether participants recognized the different experimental conditions to which they were assigned: a competence-based versus an integrity-based brand trust violation (Mayer & Davis, 1999; Xie & Peng, 2009). The first three items assessed a competence aspect of the incident: “The brand is very capable of performing the job,” “The brand has much knowledge about the work that needs to be done on the job,” and “I feel very confident in the brand’s skills” ($\alpha = .92$). The other three items assessed an integrity aspect of the incident, such as “I like the brand’s value,” “Sound principles seem to guide the brand’s behavior,” and “The brand has a great deal

of integrity” ($\alpha = .94$). The items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to 7 = “strongly agree.” Each set of three items was averaged to create a single index.

Procedures

Amazon’s Mechanical Turk (MTurk) was used to recruit participants for Study 1. MTurk is a web-based platform where surveys are delivered to users (MTurk workers) in the form of a Human Intelligence Task (HIT). Users are allowed to search the list of available surveys and voluntarily select the survey that they want to participate in. Participation is completely voluntary; however, when the users complete the survey, they are provided with compensation as incentive. MTurk has been extensively used in recruiting subjects among social science researchers who accordingly have proven that MTurk provides more representative subjects than a convenience sample or an online panel (Berinsky, Huber, & Lenz, 2012; Buhrmester, Kwang, & Gosling, 2011).

When the participants clicked the survey link in the MTurk website, they were first directed to the instruction page providing them with a brief description of the study and a consent form. Participants were expected that they agreed to participate in the study by clicking on arrow button appeared at the end of the instruction page. The first page of actual survey provided the full instruction of the study, which noted that the survey was composed of two separate studies, one study asking about the self and another study asking about the company engaged in a trust violation incident.

In the first part of the survey, participants were asked to answer a four-item scale for Implicit Beliefs. In the second part of the survey, participants were manipulated in

terms of the type of brand trust violation and the type of brand apology, which was followed by a set of dependent measures. First of all, a brief instruction informed participants that they were provided with a news article about a real company, which was named as Company X for the purpose of the study, and then asked about their opinions about the news article and Company X. After reading a randomly assigned scenario for either a competence-based or an integrity-based brand trust violation, participants were asked to rate their attitudes toward the news article and Company X in terms of Consumer Complaint Responses, Forgiveness, Post-Violation Trust, Anger, Dissatisfaction, Product Involvement, manipulation checks, and demographic information. Each measure was shown in a separate page of the survey to increase the readability of participants, and participants were allowed to proceed by clicking on the arrow signs. Upon completion, participants were given a 5-digit completion code for the proof and directed to the page where they could enter the completion code.

Results

Sample Characteristics

A total of 132 responses were analyzed. The sample consisted of 55.3% males and 44.7% females. The largest age group was between the ages of 25 to 34 years (43.9%), followed by the group of ages 35 to 44 years (26.5%), 45 to 54 years (15.9%), 55 to 64 years (7.6%), 18 to 24 years (4.5%), and 65 to 74 years (1.5%). The majority of the participants classified themselves as Caucasian (75%), followed by Asians or Pacific Islander (14.4%), African American (7.6%), Hispanics (1.5%), and others (1.6%).

Manipulation Check

Study 1 manipulated the type of brand trust violation with two scenarios. A *t* test with the measures from Mayer and Davis (1999) and Xie and Peng (2009) confirmed that two types of brand trust violation were significantly different both in competence-based brand trust violation ($t(130) = 8.138; p < .001; M_{\text{competence}} = 5.65; M_{\text{integrity}} = 3.87$) and in integrity-based brand trust violation ($t(130) = -10.662; p < .001; M_{\text{competence}} = 4.35; M_{\text{integrity}} = 6.59$). However, there were no significant differences in plausibility of incidents ($t(130) = -.908; p = .365; M_{\text{competence}} = 5.72; M_{\text{integrity}} = 5.91$), believability of news articles ($t(130) = -.284; p = .78; M_{\text{competence}} = 5.59; M_{\text{integrity}} = 5.65$), and product involvement, ($t(130) = .255; p = .78; M_{\text{competence}} = 3.26; M_{\text{integrity}} = 3.19$).

Hypotheses Testing

A series of Trust Violation (Competence vs. Integrity) \times Implicit Belief (Entity vs. Incremental) analysis of covariance (ANCOVA) was conducted on consumer complaints responses (i.e., voice responses, private responses, private responses), forgiveness, and post trust intention.

Consumer Complaints Responses Hypotheses

Voice Responses (Hypothesis 1a and 1b). There was no significant interaction effect between brand trust violation and implicit belief, $F(1, 125) = 1.728, p = .191$, partial $\eta^2 = .014$. However, the analysis found a significant main effect of the type of brand trust violation on voice responses, $F(1, 125) = 109.802, p < .001$, partial $\eta^2 = .468$.

Source	SS	df	MS	F	p	η^2
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Between Treatments	346.371	6	57.729	29.455	< .001	.586
Anger	22.105	1	22.105	11.279	.001	.083
Dissatisfaction	5.637	1	5.637	2.876	.09	.022
Product Involvement	.580	1	.580	.296	.59	.002
Trust Violation	215.196	1	215.196	109.802	< .001	.468
Implicit Belief	.305	1	.305	.156	.69	.001
Trust Violation × Implicit Belief	3.387	1	3.387	1.728	.19	.014
Error	244.982	125	1.960			
Total	591.354	131				

Table 3: ANCOVA Summary for **Voice Responses** (Study 1)

The significant main effects indicates that consumers experiencing a competence-based trust violation were more likely to show voice responses than those experiencing an integrity-based trust violation, $M_{\text{competence}} = 5.32$ versus $M_{\text{integrity}} = 2.62$. These main effects were significant even after controlling the effects of covariate of anger, $F(1, 125) = 11.279, p = .001$, partial $\eta^2 = .083$, and dissatisfaction, $F(1, 125) = 2.876, p < .10$, partial $\eta^2 = .022$.

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	5.286	5.319
Integrity Violation	2.693	2.617
Entity View	4.039	4.343
Incremental View	3.941	3.831

Table 4: Adjusted and Unadjusted Group Means for **Voice Responses** (Study 1)

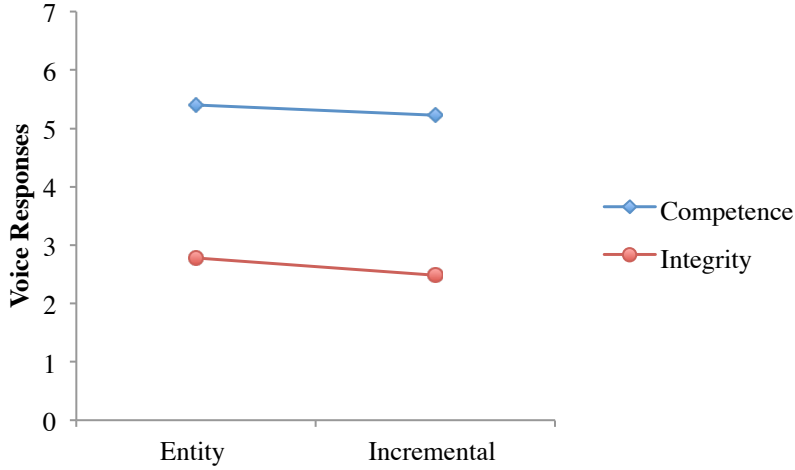


Figure 1: Line Plot for **Voice Responses** (Study 1)

Private Responses (Hypothesis 2a, 2b, and 2c). The analysis of private responses was performed to test Hypotheses 2. First, the results found a significant main effect of brand trust violation, $F(1, 125) = 4.678, p = .032$, partial $\eta^2 = .036$, indicating that consumers were more likely to engage in private responses when experiencing an integrity-based trust violation than a competence-based trust violation, $M_{\text{integrity}} = 5.02$ versus $M_{\text{competence}} = 4.63$. Thus, Hypothesis 2a was supported. Second, there was a marginally significant two-way interaction effect between trust violation and implicit belief, $F(1, 125) = 3.11, p = .080$, partial $\eta^2 = .024$. A further analysis revealed that consumers holding an incremental belief were more likely to respond with private responses toward an integrity-based trust violation than to a competence-based trust violation, $M_{\text{integrity}} = 5.06$ versus $M_{\text{competence}} = 4.25, t(63) = -2.544, p < .05$. By contrast, consumers holding an entity belief did not show a significant difference in terms of engaging in private responses, $M_{\text{integrity}} = 4.82$ versus $M_{\text{competence}} = 5.09, t(65) = .751, p =$

.455. This result confirmed Hypothesis 2b and 2c. Also, these effects were significant even after controlling the effects of covariate of dissatisfaction, $F(1, 125) = 28.062, p < .001$, partial $\eta^2 = .183$, and anger, $F(1, 125) = 3.459, p = .07$, partial $\eta^2 = .027$.

Source	SS	df	MS	F	p	η^2
Between Treatments	123.169	6	20.528	19.586	< .001	.485
Anger	3.624	1	3.624	3.459	.065	.027
Dissatisfaction	29.397	1	28.062	28.062	< .001	.183
Product Involvement	.467	1	.446	.446	.506	.004
Trust Violation	4.901	1	4.901	4.678	.032	.036
Implicit Belief	1.925	1	1.925	1.838	.178	.014
Trust Violation \times Implicit Belief	3.257	1	3.257	3.109	.080	.024
Error	130.948	125	1.048			
Total	254.117	131				

Table 5: ANCOVA Summary Table for **Private Responses** (Study 1)

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	4.629	4.718
Integrity Violation	5.020	4.952
Entity View	4.948	4.985
Incremental View	4.701	4.661

Table 6: Adjusted and Unadjusted Group Means for **Private Responses** (Study 1)

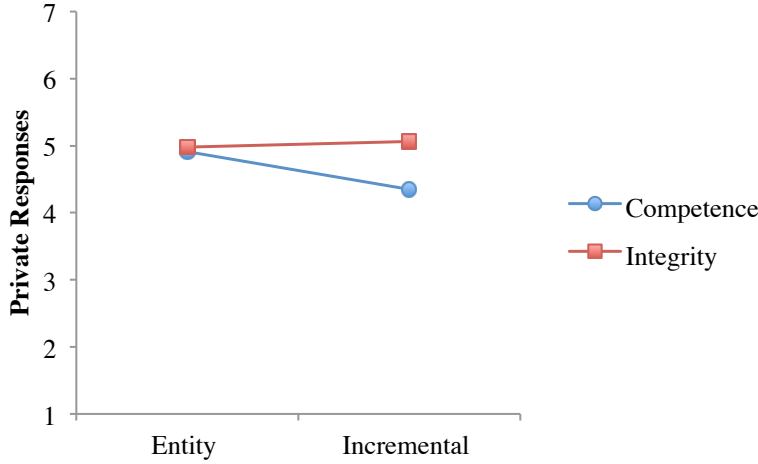


Figure 2: Line Plot for **Private Responses** (Study 1)

Third-Party Responses (Hypothesis 3a, 3b, and 3c). The analysis of third-party responses suggested that there was no significant two-way interaction effect between trust violation and implicit belief, $F(1, 125) = .252, p = .617$, partial $\eta^2 = .002$, which disconfirmed Hypothesis 3a and Hypothesis 3b. However, the results found significant main effects of each individual independent variable. A significant main effect of brand trust violation, $F(1, 125) = 11.814, p = .001$, partial $\eta^2 = .086$, suggested that consumers who experienced a competence-based trust violation were more likely to show third party responses than those who experienced an integrity-based trust violation, $M_{\text{competence}} = 3.40$ versus $M_{\text{integrity}} = 2.56$. A significant main effect of implicit belief, $F(1, 125) = 6.502, p = .012$, partial $\eta^2 = .049$, indicated that consumers holding an entity belief were more likely to engage in third party response than those with an incremental belief, $M_{\text{entity}} = 3.20$ versus $M_{\text{incremental}} = 2.67$. In addition, there was a significant covariate effect of anger, $F(1, 125) = 29.355, p < .01$, partial $\eta^2 = .109$.

Source	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>	η^2
Between Treatments	160.182	6	26.697	13.879	< .001	.400
Anger	29.355	1	29.355	15.261	< .001	.109
Dissatisfaction	1.669	1	1.669	.868	.353	.009
Product involvement	.750	1	.750	.390	.533	.007
Trust Violation	22.725	1	22.725	11.814	.001	.086
Implicit Belief	12.508	1	12.508	6.502	.012	.049
Trust Violation × Implicit Belief	.485	1	.485	.252	.617	.002
Error	240.447	125	1.924			
Total	400.629	132				

Table 7: ANCOVA Summary Table for **Third-Party Responses** (Study 1)

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	3.402	3.486
Integrity Violation	2.599	2.483
Entity View	3.295	3.481
Incremental View	2.667	2.565

Table 8: Adjusted and Unadjusted Group Means for **Third-Party Responses**

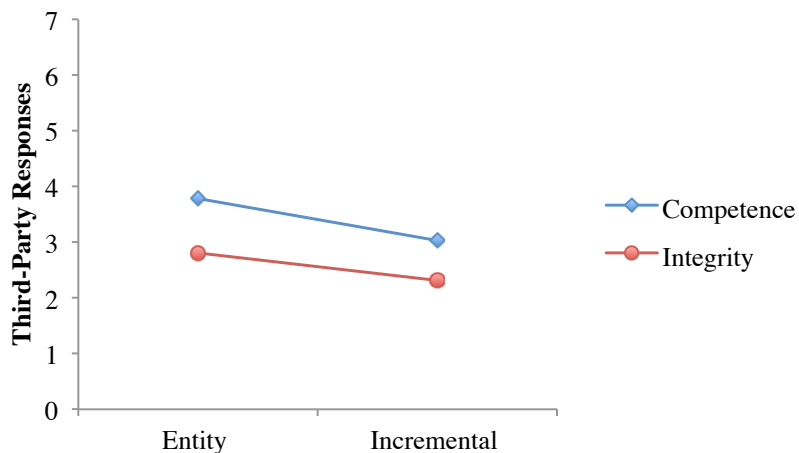


Figure 3: Line Plot for **Third-Party Responses** (Study 1)

Forgiveness Hypothesis (Hypothesis 4a and 4b)

The analysis of Forgiveness yielded a significant two-way interaction effect between brand trust violation and implicit belief, $F(1, 125) = 8.034, p = .005$, partial $\eta^2 = .060$. A further analysis showed that consumers holding an incremental belief were more likely to forgive the brand when encountering a competence-based than an integrity-based trust violation, $M_{\text{competence}} = 4.87$ versus $M_{\text{integrity}} = 3.94, t(63) = 2.903, p = .005$. Interestingly, although no significant difference was hypothesized, the result indicated that consumers holding an entity belief were more likely to forgive the brand when encountering an integrity-based than a competence-based trust violation, $M_{\text{integrity}} = 4.82$ versus $M_{\text{competence}} = 3.57, t(65) = -1.893, p = .06$. Therefore, the results partially confirmed Hypothesis 4a and 4b.

Source	SS	df	MS	F	p	η^2
Between Treatments	108.381	6	18.063	14.280	< .001	.407
Anger	14.717	1	14.717	11.635	.001	.085
Dissatisfaction	4.736	1	4.736	3.744	.055	.029
Product involvement	.189	1	.819	.648	.422	.005
Trust Violation	1.293	1	1.293	1.022	.314	.008
Implicit Belief	4.669	1	4.669	3.691	.057	.029
Trust Violation × Implicit Belief	10.162	1	10.162	8.034	.005	.060
Error	158.115	125	1.265			
Total	266.495	131				

Table 9: ANCOVA Summary Table for **Forgiveness** (Study 1)

In addition, there was a marginally significant main effect of implicit belief, $F(1, 125) = 3.691, p = .06$, partial $\eta^2 = .029$, showing a consistent result with previous

research that consumers with an incremental belief were more likely to forgive than those with an entity belief, $M_{\text{incremental}} = 4.36$ versus $M_{\text{entity}} = 3.96$. A significant covariate effects of anger, $F(1, 125) = 11.635, p = .001$, partial $\eta^2 = .085$, and dissatisfaction, $F(1, 125) = 3.744, p = .05$, partial $\eta^2 = .029$.

	Adjusted M	Unadjusted M
Competence Violation	4.238	4.147
Integrity Violation	4.037	4.073
Entity View	3.946	3.839
Incremental View	4.329	4.397

Table 10: Adjusted and Unadjusted Group Means for **Forgiveness** (Study 1)

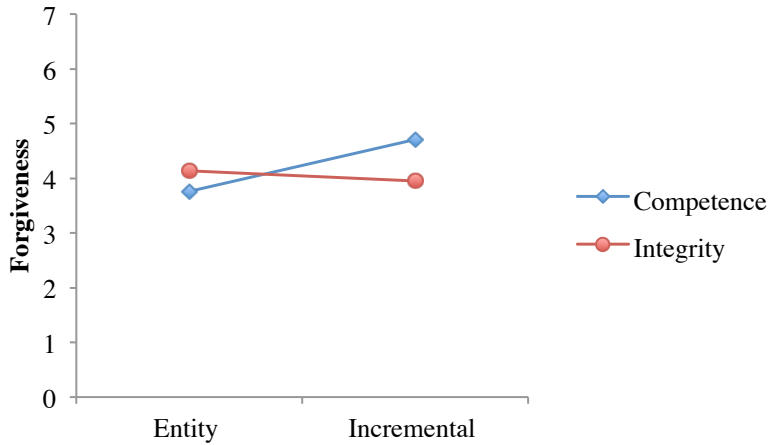


Figure 4: Line Plot for **Forgiveness** (Study 1)

Post-Violation Trust Hypotheses (Hypothesis 5a and 5b)

The analysis of post-violation trust showed no significant two-way interaction effect between trust violation and implicit belief, $F(1, 125) = .654, p = .42$, partial $\eta^2 = .005$, so Hypothesis 5 was not supported.

Source	SS	df	MS	F	p	η^2
Between Treatments	83.959	6	13.993	14.723	< .001	.414
Anger	.004	1	.004	.005	.947	< .001
Dissatisfaction	27.539	1	27.539	28.975	< .001	.188
Product involvement	1.663	1	1.663	1.750	.188	.014
Trust Violation	22.908	1	22.908	14.103	< .001	.162
Moral Character	.407	1	.407	.429	.514	.003
Trust Violation \times Moral Character	.621	1	.621	.654	.420	.005
Error	118.80	125	.950			
	5					
Total	202.76	131				
	3					

Table 11: ANCOVA Summary Table for **Post-Violation Trust** (Study 1)

However, the results yielded a significant main effect of trust violation, $F(1, 125) = 24.103, p < .001$, partial $\eta^2 = .162$, indicating that consumers who experienced an integrity-based trust violation tended to show lower post-violation trust than those who experienced a competence-based trust violation, $M_{\text{integrity}} = 1.82$ versus $M_{\text{competence}} = 2.69$. A significant covariate effect of dissatisfaction was also found, $F(1, 125) = 28.975, p < .001$, partial $\eta^2 = .188$.

	Adjusted M	Unadjusted M
Competence Violation	2.690	2.641
Integrity Violation	1.844	1.889
Entity View	2.324	2.381
Incremental View	2.211	2.215

Table 12: Adjusted and Unadjusted Group Means for **Post-Violation Trust** (Study 1)

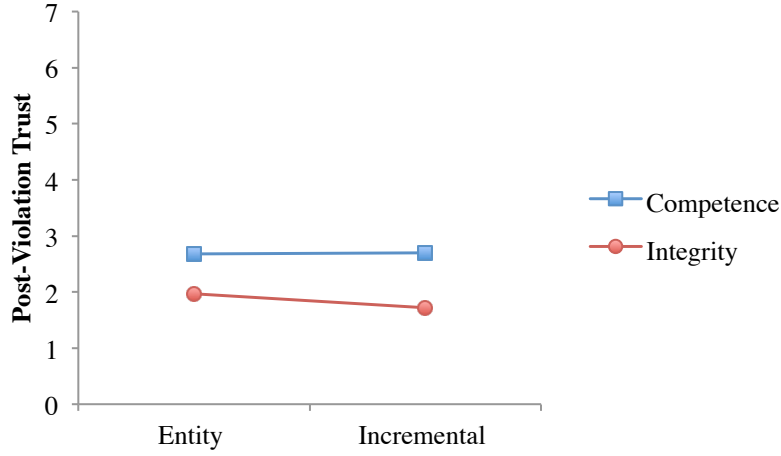


Figure 5: Line Plot for **Post-Violation Trust** (Study 1)

	Incremental Belief		Entity Belief	
	Competence	Integrity	Competence	Integrity
Voice Responses	5.29 (1.38)	2.69 (1.96)	5.22 (1.61)	2.48 (1.73)
Private Responses	5.09 (1.43)	4.82 (1.45)	4.25 (1.36)	5.06 (1.21)
3 rd Party Responses	4.01 (1.71)	2.69 (1.95)	2.83 (1.22)	2.31 (1.60)
Forgiveness	3.57 (1.30)	4.24 (1.57)	4.87 (1.33)	3.94 (1.25)
Post-Violation Trust	2.57 (1.61)	2.10 (1.37)	2.73 (1.24)	1.72 (.72)
	n = 32	n = 33	n = 40	n = 27

Note: Mean scores are based on a scale of 1 to 7.

Table 13: Dependent Measures as Implicit Beliefs and Brand Trust Violation Type (Study 1)

	IVs	DVs	Result
H1a	Incremental Belief → Trust Violation	Voice Responses	Not Supported
H1b	Entity Belief → Trust Violation	Voice Responses	Not Supported
H2a	Trust Violation	Private Responses	Supported
H2b	Incremental Belief → Trust Violation	Private Responses	Supported
H2c	Entity Belief → Trust Violation	Private Responses	Supported
H3a	Incremental Belief → Trust Violation	Third-Party Responses	Not Supported
H3b	Entity Belief → Trust Violation	Third-Party Responses	Not Supported
H4a	Incremental Belief → Trust Violation	Forgiveness	Supported
H4b	Entity Belief → Trust Violation	Forgiveness	Supported
H5a	Incremental Belief → Trust Violation	Post-Violation Trust	Not Supported
H5b	Entity Belief → Trust Violation	Post-Violation Trust	Not Supported

Table 14: Summary of Hypothesis Testing (Study 1)

STUDY 2

Stimuli Development

Brand Trust Violation

Stimuli were developed using a fictitious consumer technology company, Venster, whose main products were described as smartphones. A smartphone maker was selected for the external validity of the study. According to Pew Research (2015), 68% of adults in the U.S. own smartphones, which is nearly double the ownership reported in 2011. Also, the smartphone ownership is expected to continue to grow rapidly.

Four scenarios, two scenarios for each type of brand trust violation, were created based on the news articles reporting trust violation events in the U.S. Participants were given one of four randomly assigned scenarios. The four scenarios included: Venster's new smartphone has battery problems (Competence 1); Venster's new smartphone has an unstable mobile payment system (Competence 2); Venster is accused of labor issues (Integrity 1); and Venster is accused of dodging taxes (Integrity 2).

This pretest of the four trust violation scenarios was conducted to achieve the appropriate execution of the experimental manipulations that corresponded to the independent variables of the main study. Specifically, first, it was determine whether each scenario properly reflected the intended perception of brand trust violation (i.e., competence-based or integrity-based brand trust violation). It also measured if each scenario indicated an equivalent degree of the incident (i.e. severity, plausibility).

A total of 84 participants assessed one of four randomly assigned scenarios. The result of the pretest, with the measure adopted from Mayer and Davis (1990) and Xie and Peng (2009), showed that perceptions of brand trust violation about Company X in four scenarios were significantly different from one another: Competence 1 (battery problem): ($M_{\text{competence}} = 5.38$; $M_{\text{integrity}} = 3.11$; $t(20) = 5.11$; $p < .001$), Competence 2 (mobile payment): ($M_{\text{competence}} = 5.36$; $M_{\text{integrity}} = 3.59$; $t(22) = 5.45$; $p < .001$), Integrity 1 (labor issues): ($M_{\text{competence}} = 3.29$; $M_{\text{integrity}} = 5.84$; $t(20) = -7.14$; $p < .001$), Integrity 2 (dodging taxes): ($M_{\text{competence}} = 1.90$; $M_{\text{integrity}} = 6.10$; $t(20) = -12.80$; $p < .001$). In addition, the paired samples t test with one-item seven-point semantic differential scale also confirmed that the manipulation of brand trust violation type was successful: $M_{\text{competence1}} = 5.57$; $M_{\text{integrity1}} = 3.11$; $t(20) = 5.11$; $p < .001$; $M_{\text{competence2}} = 5.36$; $M_{\text{integrity2}} = 3.59$; $t(22) = 5.45$; $p < .001$; $M_{\text{integrity1}} = 5.84$; $M_{\text{integrity2}} = 6.10$; $t(20) = -7.14$; $p < .001$; $M_{\text{competence1}} = 5.57$; $M_{\text{competence2}} = 5.36$; $t(20) = 5.11$; $p < .001$; $M_{\text{integrity1}} = 5.84$; $M_{\text{integrity2}} = 6.10$; $t(20) = -7.14$; $p < .001$).

competence2 = 5.14; $M_{\text{integrity1}} = 1.67$; $M_{\text{integrity2}} = 1.86$ ($M_{\text{competence1}}$ versus $M_{\text{integrity1}}$, $t(20) = -7.57$; $p < .001$; $M_{\text{competence1}}$ versus $M_{\text{integrity2}}$, $t(20) = -7.84$; $p < .001$; $M_{\text{competence2}}$ versus $M_{\text{integrity1}}$, $t(20) = -9.26$; $p < .001$; $M_{\text{competence2}}$ versus $M_{\text{integrity2}}$, $t(20) = -8.03$; $p < .001$).

To determine the equivalent severity of brand trust violation, a four-item seven-point semantic differential scale anchored by trivial/serious, insignificant/significant, unimportant/important, and positive/negative was used. The results of the paired samples t test indicated no significant differences in three out of four pairs: $M_{\text{competence1}} = 3.82$; $M_{\text{competence2}} = 4.35$; $M_{\text{integrity1}} = 4.10$; $M_{\text{integrity2}} = 4.46$ ($M_{\text{competence1}}$ versus $M_{\text{integrity1}}$, $t(20) = -.911$; $p = .373$; $M_{\text{competence2}}$ versus $M_{\text{integrity1}}$, $t(20) = .906$; $p = .376$; $M_{\text{competence2}}$ versus $M_{\text{integrity2}}$, $t(20) = -.784$; $p = .442$); however, the pair of $M_{\text{competence1}}$ versus $M_{\text{integrity2}}$, $t(20) = -3.347$; $p = .003$. Based on the first pretest, Competence 1 scenario (battery problem) and Integrity 1 scenario (labor issues) were selected for the main study.

Brand Apology

In the second step, two brand apology scenarios, internal and external attribution, were developed for each brand trust violation scenario. For the competence scenario (battery problem), a brand apology with internal attribution described that Venster was fully responsible for the violation because it was not as knowledgeable as it should have been (Competence-Internal). By contrast, a brand apology with external attribution described that Venster was not ultimately responsible because it outsourced batteries to MTech, its manufacturing partner that was not as knowledgeable as it should have been (Competence-External). For the integrity scenario (labor issues), a brand apology with

internal attribution described that Venster assumed full responsibility because it considered the labor issues of less concern than meeting the demand (Integrity-Internal). On the other hand, a brand apology with external attribution described that Venster was not ultimately responsible because it happened in MTech, its manufacturing partner, and Venster was not aware of the incident (Integrity-External).

Four brand apology scenarios were pretested to assess whether each brand apology scenario reflected the categorically different experimental conditions. A total of 150 participants assessed one of four randomly assigned brand apology scenarios, which was followed by the respective brand trust violation scenario. To assess if each scenario conveyed the message as intended, two questions were asked, which were adopted and modified from Kim et al. (2006). Two questions asked about Venster's accusation or Venster's response, respectively. Of 150 participants, 93 answered both questions correctly (62%), 39 (26%) missed the question about trust violation; 41 (27.3%) missed the question about brand apology; and 15 (10%) missed both questions. This study included participants whose answers were correct for both questions. Thus, the final sample size was 93.

In addition, the pretest also assessed the attribution tendency described in each brand apology scenario. First of all, a Competence-Internal condition significantly differed from a Competence-External condition in terms of overall attribution tendency: $M_{c-Internal} = 5.13$; $M_{c-External} = 3.75$; $t(38) = 5.935$; $p < .001$. Specifically, the result showed significant differences in the extent of internal attribution, $M_{c-Internal} = 6.59$; $M_{c-External} = 4.36$; $t(38) = 7.367$; $p = .031$, the extent of responsibility, $M_{c-Internal} = 6.55$; $M_{c-External} =$

4.18; $t(38) = 5.677$; $p < .001$, and the extent of controllability, $M_{c-Internal} = 5.62$; $M_{c-External} = 4.45$; $t(38) = 2.434$; $p = .020$). Also, when asking the extent of externality of the cause of the incident using one item, two conditions showed a significant difference, $M_{c-Internal} = 1.66$; $M_{c-External} = 4.90$; $t(38) = -7.225$; $p < .001$)

An Integrity-Internal condition and an Integrity-External condition also showed a significant difference in overall attribution tendency: $M_{I-Internal} = 5.87$; $M_{I-External} = 4.08$; $t(51) = 5.550$; $p < .001$). Specifically, the result showed significant differences in the extent of internal attribution, $M_{I-Internal} = 5.96$; $M_{I-External} = 4.14$; $t(51) = 5.193$; $p < .001$, the extent of responsibility, $M_{I-Internal} = 6.04$; $M_{I-External} = 3.37$; $t(51) = 5.413$; $p < .001$, the extent of intentionality, $M_{I-Internal} = 5.65$; $M_{I-External} = 4.14$; $t(51) = 5.086$; $p < .001$, and the extent of controllability, $M_{I-Internal} = 5.84$; $M_{I-External} = 4.70$; $t(51) = 2.793$; $p = .007$). These conditions also showed a significant difference in the extent of externality of the cause of the incident, $M_{I-Internal} = 5.89$; $M_{I-External} = 3.77$; $t(51) = -5.586$; $p < .001$.

Measures

The same measures used in Study 1 were adopted. Several measures were employed to measure participants' implicit beliefs, consumer complaint responses (i.e., voice responses, private responses, third-party responses), post-violation trust, forgiveness, and product involvement. For implicit beliefs, the items were summed to create two groups using a median split. For the other measures, a single index was created averaging the items. Participants were asked to indicate how much they agree with the item on a 7-point scale.

Independent Variables

Implicit Beliefs. Participants' level of implicit beliefs about the malleability was assessed using a total of three items, all of which measured the entity beliefs (Dweck et al., 1995). Items measuring the incremental beliefs were not included because previous research showed that the explicit statements depicting incremental beliefs compelled the participants' preferences, making them get higher scores (Chiu, Dweck, et al., 1997). Also, since implicit belief is a uni-dimensional construct, inclusion of items for both beliefs could be redundant. Furthermore, there has been an empirical evidence that the disagreement of the entity beliefs can be considered to represent the agreement of incremental beliefs (Chiu, Dweck, et al., 1997; Levy et al., 1998). Accordingly, the measure consisted of three entity beliefs items, including "A person's moral character is something very basic about them and it can't be changed much," "Whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed very much," and "There is not much that can be done to change a person's moral traits." Each item was scored on a seven-point Likert scale, ranging from 1 = "strongly disagree" to 7 = "strongly agree" ($\alpha = .95$). The items were reversed-coded, summed, and median split.

Dependent Variables

Consumer Complaint Responses. Three types of consumer complaint responses were assessed: voice responses, private responses, and third-party responses, all of which were adopted from Singh (1988). Voice responses measure consists of four items (e.g.,

“Ask the brand to take care of the problem,” “Informed the firm about the problem”) ($\alpha = .85$). To measure private responses, four items were asked, such as “Avoided the brand’s product from then on,” “Spoke to your friends and relatives about your bad experience” ($\alpha = .83$). Three items were used to assess third-party responses (e.g., “Reported the problem to a consumer agency,” “Took legal action against the brand”) ($\alpha = .86$). All items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to “7 = “strongly agree.” Each set of items was averaged to create a single index.

Forgiveness. Participants’ level of forgiveness of the brand was measured based on six items modified from Thompson and Synder (2003). Example items included “I would get stuck in negative thoughts about the brand,” “I would continue to think negatively about the brand,” and “I would eventually let go of negative thoughts about the incident and the brand” ($\alpha = .86$). All items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to “7 = “strongly agree.” Three out of six items were reverse coded, and all six items were averaged to create a single index.

Post-Violation Trust. Participants’ level of trust toward the brand was measured based on six items modified from Sirdeshmukh et al. (2002); Xie and Peng (2009). The measure consists of two parts: trust belief and trust intent. Three items assessed trust belief: “I trust this brand,” “This brand is dependable,” and “This brand is reliable.” The other three items assessed trust intent, each of which asked about intention of repeat purchase, recommendation, and new product trial. All items were rated on a seven-point Likert scale, ranging from 1 = “strongly disagree” to “7 = “strongly agree” ($\alpha = .96$). Six items were averaged to create a single index.

Covariates

Product Involvement. This variable was measured using a five-item, seven-point scale anchored by important/unimportant, of no concern/of concern to me, means a lot to me/means nothing to me, matters to me/does not matter, and significant/insignificant (Zaichkowsky, 1985) ($\alpha = .97$).

Procedure

Amazon's MTurk was also used to recruit subjects for Study 2. After participants selected the survey they wanted to participate based on a brief description of the survey, they were directed to the actual survey link that started out providing with the instructions of the study. The instruction said that the survey consisted of two separate parts, each of which asked about the self and the company involved in a trust violation incident.

In the first part of the survey, participants were asked to rate the extent of their beliefs about entity beliefs. The second part of the survey began with a description of a company, which was considered to be real but used a fictitious name for the purpose of the study. Then, one of two scenarios for brand trust violation—the news article about either a competence-based or an integrity-based brand trust violation—was randomly assigned to participants. Next, one of two scenarios for brand apology—the news article describing the company delivered either an internal attribution or an external attribution brand apology—was randomly assigned to participants. Following these scenarios, participants were asked to rate their attitudes toward the news articles and the company based on the measures of Consumer Complaint Responses, Forgiveness, Post-Violation

Trust, Product Involvement, manipulation checks, and demographics. Upon completion, the survey link created the unique 5-digit completion code for individual participant.

Results

Manipulation Check

Manipulation checks revealed that the manipulations of trust violation and brand apology were successful. Following the procedure used in the pretest, the participants were asked two multiple choice questions, which was adopted from Kim et al. (2006). Of the 230 participants, 230 answered the two questions correctly (75.6%): 18 (7.8%) missed the first question about trust violation; 38 (16.5%) missed the second question about brand apology; and 9 (3.9%) missed the both questions. This study included responses that answered two questions correctly in the belief that correct answers reflected full understanding of both trust violation and brand apology manipulations. Thus, the final sample size was 183.

Second, manipulation check analyses for brand trust violation were conducted using 183 participants selected in the first manipulation check. A t test with the measures from Mayer and Davis (1999) and Xie and Peng (2009) confirmed that two types of brand trust violation were significantly different both in competence-based brand trust violation ($t(181) = 8.752; p < .001; M_{\text{competence}} = 5.13; M_{\text{integrity}} = 3.54$) and in integrity-based brand trust violation ($t(181) = -9.732; p < .001; M_{\text{competence}} = 3.59; M_{\text{integrity}} = 5.79$). However, there were no significant differences in believability of news articles $t(181) =$

.668; $p = .265$; $M_{\text{competence}} = 6.17$; $M_{\text{integrity}} = 6.10$) and severity $t(181) = -5.338$; $p = .317$; $M_{\text{competence}} = 5.23$; $M_{\text{integrity}} = 6.03$).

Sample Characteristics

A total of 182 responses were analyzed. The sample consisted of 56.3% males and 43.7% females. The largest age group was between the ages of 25 to 34 years (38.3%), followed by the group of ages 35 to 44 years (29.0%), 45 to 54 years (15.8%), 55 to 64 years (9.8%), 18 to 24 years (4.4%), and 65 to 74 years (2.7%). The majority of the participants classified themselves as Caucasian (78.1%), followed by Asians or Pacific Islander (12.6%), African American (5.5%), Hispanics (1.1%), and others (2.7%).

Hypotheses Testing

A series of Trust Violation (Competence vs. Integrity) \times Brand Apology (Internal vs. External) \times Implicit Belief (Entity vs. Incremental) analysis of covariance was conducted to determine the effect of trust violation type, brand apology, and implicit belief on consumer complaints responses (i.e., voice responses, private responses, private responses), forgiveness, and post trust intention. Product involvement was included as a covariate.

Consumer Complaints Responses Hypotheses

Voice Responses (Hypothesis 6a, 7a, 8a, 9a, and 10a). The results revealed a significant main effect of trust violation, $F(1, 174) = 21.237$, $p < .01$, partial $\eta^2 = .109$, indicating that consumers were more likely to engage in voice responses when

experiencing a competence-based trust violation than an integrity-based trust violation, $M_{\text{competence}} = 4.51$ versus $M_{\text{integrity}} = 3.99$. Also, there was a significant main effect of implicit belief, $F(1, 174) = 7.121, p < .01$, partial $\eta^2 = .039$, suggesting that consumers holding an entity belief were more likely to show voice responses than those holding an incremental belief, $M_{\text{entity}} = 4.48$ versus $M_{\text{incremental}} = 4.06$.

Source	SS	df	MS	F	p	η^2
Between Treatments	36.281	8	4.535	4.656	< .001	.176
Product Involvement	6.380	1	6.380	6.550	.011	.036
Trust Violation	20.684	1	20.684	21.237	< .001	.109
Brand Apology	2.548E-5	1	2.548E-5	< .001	.996	< .001
Implicit Belief	6.936	1	6.936	7.121	.008	.039
Violation \times Apology	.113	1	.113	.116	.734	.001
Violation \times Implicit	2.715	1	2.715	2.788	.097	.016
Apology \times Implicit	.006	1	.006	.006	.939	< .001
Violation \times Apology \times Implicit	2.699	1	2.699	2.771	.098	.016
Error	158.115	174	.974			
Total	266.495	182				

Notes: Violation = Brand Trust Violation, Apology = Brand Apology, Implicit = Implicit Belief

Table 15: ANCOVA Summary Table for **Voice Responses** (Study 2)

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	4.577	4.507
Integrity Violation	3.855	3.991
Internal Apology	4.216	4.257
External Apology	4.217	4.281
Entity View	4.421	4.475
Incremental View	4.011	4.063

Table 16: Adjusted and Unadjusted Group Means for **Voice Responses** (Study 2)

The results found that there was no significant two-way interaction between brand trust violation and brand apology, $F(1, 174) = .116, p = .734$, partial $\eta^2 = .001$. Thus,

Hypothesis 6a, 7a, 8a, and 9a were not supported. However, there was a marginally significant two-way interaction effect of brand trust violation and implicit belief, $F(1, 174) = 2.788, p < .10$, partial $\eta^2 = .016$. A further analysis indicated that consumers holding incremental beliefs were more likely to engage in voice responses toward a competence-based trust violation than an integrity-based trust violation, $M_{\text{competence}} = 4.39$ versus $M_{\text{integrity}} = 3.55, t(90) = 4.071, p < .001$. By contrast, consumers holding entity beliefs did not show differences, $M_{\text{competence}} = 4.66$ versus $M_{\text{integrity}} = 4.31, t(89) = 1.587, p = .116$.

In addition, the analysis yielded a marginally significant three-way effect among trust violation, brand apology, and implicit belief, $F(1, 174) = 2.771, p < .10$, partial $\eta^2 = .016$. Additional analyses further showed that the two-way interaction effect between brand trust violation and brand apology was found significant only among consumer holding entity beliefs: consumers holding an entity belief showed marginally significantly different patterns of interaction between trust violation and brand apology $F(1, 87) = 2.897, p < .10$, partial $\eta^2 = .032$, while those holding an incremental belief did not, $F(1, 88) = .382, p = .538$, partial $\eta^2 = .004$. The finding supported Hypothesis 10a; however, due to the marginality of the effect, further analyses did not find significant effects. That is, when consumers holding incremental views experienced a competence-based trust violation, they showed a similar level of voice responses regardless of brand apology type, $M_{\text{C-External}} = 4.28$ versus $M_{\text{C-Internal}} = 4.51, t(54) = .938, p = .353$. When they experienced an integrity-based trust violation, they also showed a similar level of voice responses regardless of brand apology type, $M_{\text{I-External}} = 3.57$ versus $M_{\text{I-Internal}} = 3.53, t(34)$

$= -.100, p = .921$. Lastly, a significant covariate effect of product involvement, $F(1, 174) = 6.550, p = .011$, partial $\eta^2 = .036$, was also found.

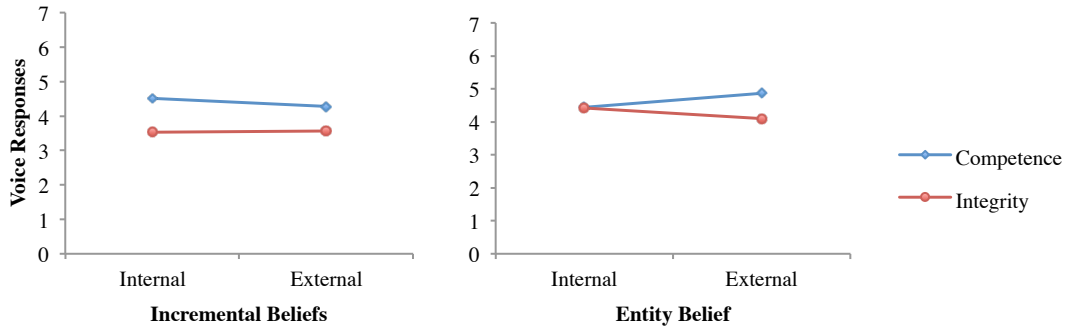


Figure 6: Line Plot for **Voice Responses** (Study 2)

Private Responses (Hypothesis 6b, 7b, 8b, 9b, and 10b). Regarding the analysis of private responses, a significant two-way interaction effect between trust violation and brand apology was found, $F(1, 174) = 8.072, p = .005$, partial $\eta^2 = .044$. A further analysis showed that consumers who experienced an integrity-based trust violation were more likely to show private responses when they read an internal attribution apology than an external attribution apology, $M_{\text{internal}} = 5.18$ versus $M_{\text{external}} = 4.41, t(83) = 2.397, p = .028$, which supported Hypothesis 8b and 9b. By contrast, consumers who experienced a competence-based trust violation did not show significant differences in responding with private responses, when provided with either an internal attribution apology or an external attribution apology, $M_{\text{internal}} = 4.65$ versus $M_{\text{external}} = 5.19, t(96) = -2.359, p = .0249$, disconfirming Hypothesis 6b and 7b.

There was no significant three-way interaction effect among trust violation, brand apology, and implicit belief, $F(1, 174) = .016, p < .899$, partial $\eta^2 < .001$, so Hypothesis 10b was not supported. Additional analyses were performed to further examine the patterns. The results showed that the interaction effects of brand trust violation and brand apology were significant both among consumers holding incremental views, $F(1, 88) = 8.041, p < .01$, partial $\eta^2 < .84$, and entity views, $F(1, 87) = 4.361, p < .05$, partial $\eta^2 < .048$. Specifically, when consumers holding incremental views experienced a competence-based trust violation, they were more likely to engage in private responses when provided with an external attribution apology than an internal attribution apology, $M_{C-External} = 5.08$ versus $M_{C-Internal} = 4.53, t(54) = -1.862, p = .07$.

By contrast, when they experienced an integrity-based trust violation, they were more likely to participate in private responses when provided with an internal attribution apology than an external attribution apology, $M_{I-Internal} = 5.41$ versus $M_{I-External} = 4.59, t(34) = 2.110, p < .05$.

Consumers holding entity views showed a similar pattern; however, further analysis did not find significant effects. In detail, when consumers with entity views experienced a competence-based trust violation, they appeared more likely to engage in private responses when provided with an external attribution apology than an internal attribution apology, $M_{C-External} = 5.33$ versus $M_{C-Internal} = 4.80$, but the difference between them was not significant, $t(40) = -1.441, p = .157$.

Similarly, they were more likely to engage in private responses when they received an internal versus external attribution apology for an integrity-based trust

violation, $M_{I-Internal} = 5.02$ versus $M_{I-External} = 4.26$, however, the difference between them was not significant, $t(47) = 1.568, p = .124$. Additionally, there was a significant covariate effect of product involvement, $F(1, 174) = 10/605, p = .001$, partial $\eta^2 = .354$.

Source	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>	η^2
Between Treatments	39.341	8	4.918	3.199	.002	.128
Product Involvement	16.303	1	16.303	10.605	.001	.057
Trust Violation	3.301	1	3.301	2.147	.145	.012
Brand Apology	.336	1	.336	.218	.641	.001
Implicit Belief	1.174	1	1.174	.764	.383	.004
Violation \times Apology	12.409	1	12.409	8.072	.005	.044
Violation \times Implicit	3.165	1	3.165	2.059	.153	.012
Apology \times Implicit	.277	1	.277	.180	.671	.001
Violation \times Apology \times Implicit	.025	1	.025	.016	.899	< .001
Error	267.491	174	1.537			
Total	306.832	182				

Notes: Violation = Brand Trust Violation, Apology = Brand Apology, Implicit = Implicit Belief

Table 17: ANCOVA Summary Table for **Private Responses** (Study 2)

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	5.021	4.929
Integrity Violation	4.733	4.897
Internal Apology	4.922	4.931
External Apology	4.833	4.893
Entity View	4.962	4.904
Incremental View	4.793	4.924

Table 18: Adjusted and Unadjusted Group Means for **Private Responses**

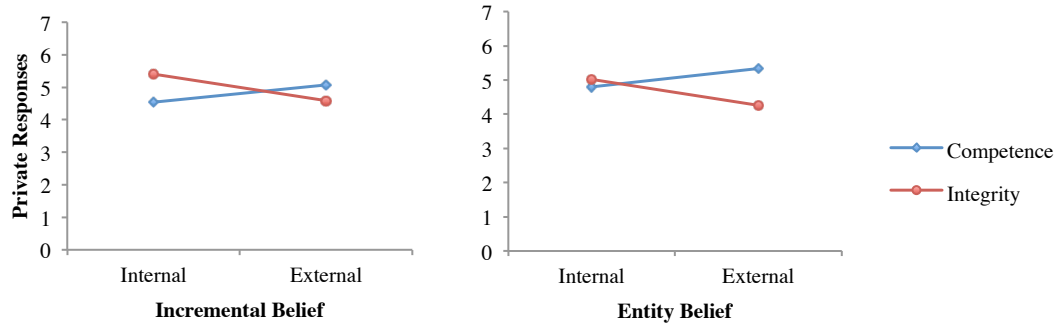


Figure 7: Line Plot for **Private Responses** (Study 2)

Third Party Responses (Hypothesis 6c, 7c, 8c, 9c, and 11). The analysis of third party responses yielded a significant two-way interaction effect between trust violation and brand apology, $F(1, 174) = 4.049, p = .046$, partial $\eta^2 = .023$. An additional analysis revealed that significant differences were found only when consumers experienced a competence-based versus an integrity-based trust violation. Specifically, consumers experiencing a competence-based trust violation were more likely to engage in third party responses when they were provided with an external attribution apology than an internal attribution apology, $M_{C-External} = 3.62$ versus $M_{C-Internal} = 2.80, t(96) = -2.441, p = .016$, confirming Hypothesis 6c and 7c. On the other hand, consumers experiencing an integrity-based trust violation did not show significant differences in using third party responses, $M_{I-External} = 3.01$ versus $M_{I-Internal} = 3.52, t(83) = 1.421, p = .159$, which did not support Hypothesis 8c and 9c.

Also, the results found a significant three-way interaction effect, $F(1, 174) = 7.920, p = .005$, partial $\eta^2 = .044$. Additional analyses further showed that the two-way interaction effect between trust violation and brand apology was found significant only

among consumer holding entity beliefs: consumers holding an entity belief showed significantly different patterns of interaction between trust violation and brand apology, $F(1, 86) = 11.126, p = .002$, partial $\eta^2 = .115$, while those holding incremental beliefs did not, $F(1, 87) = .201, p = .655$, partial $\eta^2 = .002$. The finding supported Hypothesis 11. Specifically, when consumers holding entity beliefs experienced a competence-based trust violation, they were more likely to engage in third party responses when receiving an external attribution apology than an internal attribution apology, $M_{C-External} = 4.03$ versus $M_{C-Internal} = 2.64, t(40) = -2.843, p = .007$. By contrast, when they experienced an integrity-based trust violation, they were more likely to show third party responses when receiving an internal attribution apology than an external attribution apology, $M_{I-External} = 2.81$ versus $M_{I-Internal} = 4.02, t(47) = 2.701, p = .010$. Finally, there was a significant covariate effect of product involvement, $F(1, 174) = 11.720, p = .001$, partial $\eta^2 = .063$.

Source	SS	df	MS	F	p	η^2
Between Treatments	78.434	8	9.804	4.103	< .001	.159
Product Involvement	28.004	1	28.004	11.720	.001	.063
Trust Violation	2.150	1	2.150	.900	.344	.005
Brand Apology	3.909	1	3.909	1.636	.203	.009
Implicit Belief	.945	1	.945	.395	.530	.002
Violation \times Apology	9.674	1	9.674	4.049	.046	.023
Violation \times Implicit	.728	1	.728	.305	.582	.002
Apology \times Implicit	3.415	1	3.415	1.429	.234	.008
Violation \times Apology \times Implicit	18.925	1	18.925	7.920	.005	.044
Error	415.755	174	2.389			
Total	494.189	182				

Notes: Violation = Brand Trust Violation, Apology = Brand Apology, Implicit = Implicit Belief

Table 19: ANCOVA Summary Table for **Third-Party Responses** (Study 2)

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	3.337	3.227
Integrity Violation	3.104	3.332
Internal Apology	3.069	3.186
External Apology	3.372	3.387
Entity View	3.296	3.492
Incremental View	3.145	3.063

Table 20: Adjusted and Unadjusted Group Means for **Third-Party Responses** (Study 2)

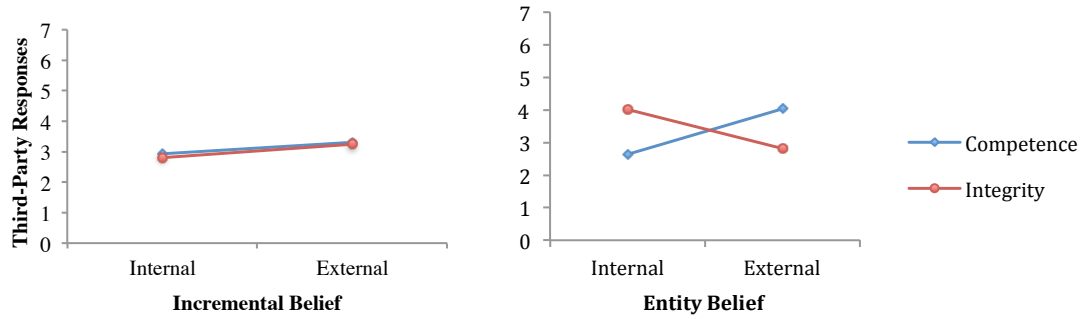


Figure 8: Line Plot for **Third-Party Responses** (Study 2)

Forgiveness Hypotheses (Hypothesis 6d, 7d, 8d, 9d, and 10c)

The analysis of forgiveness found a significant main effect to trust violation, $F(1, 174) = 3.965, p = .048$, partial $\eta^2 = .022$, suggesting that consumers experiencing a competence-based trust violation were more likely to forgive the brand than those who experiencing an integrity-based trust violation, $M_{\text{competence}} = 4.20$ versus $M_{\text{integrity}} = 3.56$, which was consistent with previous research. Also, there was a significant two-way interaction effect between trust violation and brand apology, $F(1, 174) = 7.594, p = .006$, partial $\eta^2 = .042$. An additional analysis further indicated that consumers experiencing a

competence-based trust violation were more likely to forgive the brand when receiving an internal attribution apology than an external attribution apology, $M_{C-Internal} = 4.54$ versus $M_{C-External} = 3.89$, $t(96) = 2.398$, $p = .018$, which supported Hypothesis 6d and 7d. In contrast, consumers experiencing an integrity-based trust violation were more likely to forgive the brand when receiving an external attribution apology than an internal attribution apology, $M_{I-External} = 4.00$ versus $M_{I-Internal} = 3.33$, $t(83) = -2.278$, $p = .025$, confirming Hypothesis 8d and 9d.

Source	SS	df	MS	F	p	η^2
Between Treatments	58.149	8	7.269	4.613	< .001	.175
Product Involvement	13.082	1	13.082	8.302	.004	.046
Trust Violation	6.247	1	6.247	3.965	.048	.022
Brand Apology	.025	1	.025	.016	.899	< .001
Implicit Belief	.036	1	.036	.023	.880	< .001
Violation \times Apology	11.966	1	11.966	7.594	.006	.042
Violation \times Implicit	5.381	1	5.381	3.415	.066	.019
Apology \times Implicit	.473	1	.473	.300	.584	.002
Violation \times Apology \times Implicit	.413	1	.413	.262	.609	.002
Error	274.161	174	1.576			
Total	332.310	182				

Notes: Violation = Brand Trust Violation, Apology = Brand Apology, Implicit = Implicit Belief

Table 21: ANCOVA Summary Table for **Forgiveness** (Study 2)

The results also found a marginally significant two-way interaction effect between trust violation and implicit belief, $F(1, 174) = 3.415$, $p = .066$, partial $\eta^2 = .019$. A further analysis showed that when a competence-based trust violation occurred, consumers

holding an incremental belief were more likely to forgive the brand than those holding an entity belief, $M_{\text{incremental}} = 4.42$ versus $M_{\text{entity}} = 3.90$, $t(96) = -2.278$, $p = .062$; however, there was no significant difference when an integrity-based trust violation happened, $M_{\text{incremental}} = 3.42$ versus $M_{\text{entity}} = 3.66$, $t(83) = -.892$, $p = .375$.

There was not a significant three-way interaction effect among trust violation, brand apology, and implicit belief, $F(1, 174) = .262$, $p = .609$, partial $\eta^2 = .002$, and thus, Hypothesis 10c was not supported. Further analyses showed that the interaction effects between trust violation and brand apology were significant both for consumers holding incremental beliefs, $F(1, 88) = 7.337$, $p < .01$, partial $\eta^2 = .077$, and for consumers holding entity beliefs, $F(1, 87) = 3.692$, $p = .058$, partial $\eta^2 = .041$.

Specifically, when consumers holding incremental beliefs experienced a competence-based trust violation, they were more likely to forgive the brand when provided with an internal versus external attribution brand apology, $M_{\text{C-Internal}} = 4.81$ and $M_{\text{C-External}} = 4.06$, $t(54) = 2.057$, $p < .05$, as predicted in Hypothesis 6d. On the other hand, when they experienced an integrity-based trust violation, they were more likely to forgive the brand when they provided with an external versus internal attribution brand apology, $M_{\text{I-External}} = 3.86$ versus $M_{\text{I-Internal}} = 3.14$, $t(34) = -2.001$, $p = .041$, as predicted in Hypothesis 7d.

Consumers holding entity views showed a similar pattern; however, further analysis did not find significant effects. Specifically, when they experienced a competence-based trust violation, they were more likely to forgive the brand when provided with an internal versus external attribution brand apology, $M_{\text{C-Internal}} = 4.17$

versus $M_{C-External} = 3.65$, but the difference between them was not significant, $t(40) = 1.292, p = .204$. Similarly, when they experienced an integrity-based trust violation, they were more likely to forgive the brand when provided with an external versus internal attribution brand apology, $M_{I-External} = 4.04$ versus $M_{I-Internal} = 3.46$, however, the difference between them was not significant, $t(47) = -1.430, p = .159$. Lastly, the aforementioned effects remained significant even after controlling product involvement as a covariate, $F(1, 174) = 8.302, p = .004$, partial $\eta^2 = .046$.

	Adjusted M	Unadjusted M
Competence Violation	4.097	4.198
Integrity Violation	3.700	3.558
Internal Apology	3.911	3.891
External Apology	3.887	3.912
Entity View	3.884	3.771
Incremental View	3.914	4.028

Table 22: Adjusted and Unadjusted Group Means for Forgiveness (Study 2)

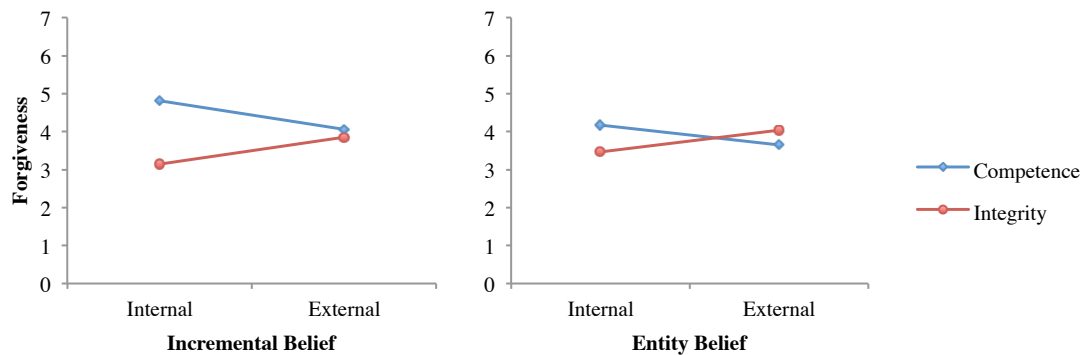


Figure 9: Line Plot for **Forgiveness** (Study 2)

Post-Violation Trust Hypotheses (Hypothesis 6e, 7e, 8e, 9e, and 10d)

The analysis of trust violation, brand apology, and implicit belief on post trust intention was conducted. The result yielded a marginally significant main effect of trust violation, $F(1, 174) = 3.615, p = .059$, partial $\eta^2 = .020$, which indicates that consumers experiencing a competence-based trust violation tended to show a higher level of post-violation trust than those experiencing an integrity-based trust violation, $M_{\text{competence}} = 3.20$ versus $M_{\text{integrity}} = 2.72$. There was also a significant two-way interaction effect between trust violation and brand apology, $F(1, 174) = 10.394, p = .002$, partial $\eta^2 = .042$. A further analysis of this interaction suggested that consumers experiencing a competence-based trust violation tended to show higher post-violation trust when receiving an internal attribution apology than an external attribution apology, $M_{\text{C-Internal}} = 3.76$ versus $M_{\text{C-External}} = 2.69, t(96) = 4.112, p < .001$, confirming Hypothesis 6e and 7e. By contrast, consumers experiencing an integrity-based trust violation did not show a significant difference in their post-violation trust level, $M_{\text{I-Internal}} = 2.57$ versus $M_{\text{I-External}} = 2.98, t(83) = -1.277, p = .205$, thus, Hypothesis 8e and 9e were not supported.

Hypothesis 10d predicted a significant three-way interaction effect among brand trust, brand apology, and implicit belief, which was not supported, $F(1, 174) = 2.294, p = .132$, partial $\eta^2 = .002$. Further analyses were performed to understand the patterns. First, when consumers holding incremental beliefs experienced a competence-based trust violation, they showed a higher level of post-violation trust when provided with an internal versus external attribution brand apology, $M_{\text{C-Internal}} = 3.97$ and $M_{\text{C-External}} = 2.48, t(54) = 4.736, p < .001$; however, they showed a similar level of post-violation trust

toward an integrity-based trust violation regardless of brand apology type, $M_{I-External} = 2.76$ versus $M_{I-Internal} = 2.19$, $t(34) = -1.486$, $p = .146$.

Source	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>	η^2
Between Treatments	58.149	8	7.269	4.613	< .001	.175
Product Involvement	13.082	1	13.082	8.302	.004	.046
Trust Violation	6.247	1	6.247	3.965	.048	.022
Brand Apology	.025	1	.025	.016	.899	< .001
Implicit Belief	.036	1	.036	.023	.880	< .001
Violation \times Apology	11.966	1	11.966	7.594	.006	.042
Violation \times Implicit	5.381	1	5.381	3.415	.066	.019
Apology \times Implicit	.473	1	.473	.300	.584	.002
Violation \times Apology \times Implicit	.413	1	.413	.262	.609	.002
Error	274.161	174	1.576			
Total	332.310	182				

Notes: Violation = Brand Trust Violation, Apology = Brand Apology, Implicit = Implicit Belief

Table 23: ANCOVA Summary Table for **Post-Violation Trust** (Study 2)

	Adjusted <i>M</i>	Unadjusted <i>M</i>
Competence Violation	4.097	3.204
Integrity Violation	3.700	2.720
Internal Apology	3.911	3.125
External Apology	3.887	2.800
Entity View	3.884	3.070
Incremental View	3.914	2.890

Table 24: Adjusted and Unadjusted Group Means for **Post-Violation Trust** (Study 2)

Second, when consumers holding entity beliefs experienced a competence-based trust violation, there was no significant difference between different types of brand apology, $M_{C-Internal} = 3.48$ and $M_{C-External} = 2.97$, $t(40) = 1.182$, $p = .244$. Consumers

holding entity beliefs also did not show differences between two brand apology types for an integrity-based brand trust violation, $M_{I-External} = 3.16$ versus $M_{I-Internal} = 2.83$, $t(47) = -.684$, $p = .497$. Additionally, there was a significant covariate effect of product involvement, $F(1, 174) = 8.302$, $p < .005$, partial $\eta^2 = .046$.

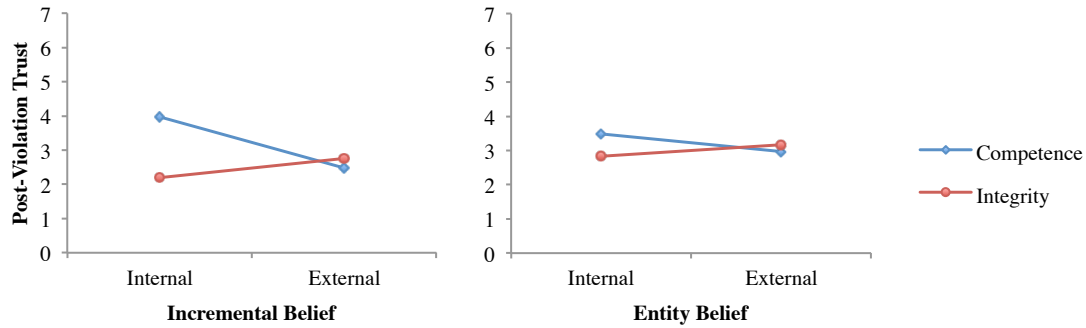


Figure 10: Line Plot for **Post-Violation Trust** (Study 2)

	Incremental Belief				Entity Belief			
	Competence		Integrity		Competence		Integrity	
	Internal	External	Internal	External	Internal	External	Internal	External
Voice	4.51 (.86)	4.28 (.93)	3.53 (1.15)	3.57 (1.01)	4.44 (1.07)	4.86 (.81)	4.43 (.98)	4.10 (1.27)
Private	4.54 (1.24)	5.08 (.91)	5.41 (.99)	4.59 (1.33)	4.80 (1.14)	5.33 (1.23)	5.02 (1.39)	4.26 (1.94)
3 rd Party	2.93 (1.67)	3.30 (1.69)	2.80 (1.66)	3.25 (1.47)	2.64 (1.57)	4.03 (1.61)	4.02 (1.38)	2.81 (1.67)
Forgive	4.81 (1.26)	4.06 (1.44)	3.14 (.88)	3.86 (1.29)	4.17 (1.55)	3.65 (1.01)	3.46 (1.39)	4.04 (1.21)
Trust	3.97 (1.31)	2.48 (1.04)	2.19 (1.10)	2.76 (1.16)	3.48 (1.24)	2.97 (1.54)	2.83 (1.51)	3.16 (1.69)
	n = 27	n = 29	n = 22	n = 14	n = 20	n = 22	n = 32	n = 17

Note1: Mean scores are based on a scale of 1 to 7.

Note2: Voice = Voice Responses, Private = Private Responses, 3rd Party = Third-Party Responses, Forgive = Forgiveness, Trust = Post-Violation Trust, Competence = Competence-Based Trust Violation, Integrity = Integrity-Based Trust Violation, Internal = Internal Attribution Apology, External = External Attribution Apology.

Table 25: Dependent Measures as Implicit Beliefs, Brand Trust Violation Type, and Brand Apology Type (Study 2)

	IVs	DVs	Result
H6a	Competence → Internal Apology	Voice Responses	Not Supported
H7a	Competence → External Apology	Voice Responses	Not Supported
H8a	Integrity → External Apology	Voice Responses	Not Supported
H9a	Integrity → Internal Apology	Voice Responses	Not Supported
H10a	Implicit Belief → Trust Violation × Brand Apology	Voice Responses	Not Supported
H6b	Competence → Internal Apology	Private Responses	Not Supported
H7b	Competence → External Apology	Private Responses	Not Supported
H8b	Integrity → External Apology	Private Responses	Supported
H9b	Integrity → Internal Apology	Private Responses	Supported
H10b	Implicit Belief → Trust Violation × Brand Apology	Private Responses	Not Supported
H6c	Competence → Internal Apology	Third-Party Responses	Supported
H7c	Competence → External Apology	Third-Party Responses	Supported
H8c	Integrity → External Apology	Third-Party Responses	Not Supported
H9c	Integrity → Internal Apology	Third-Party Responses	Not Supported
H11	Implicit Belief → Trust Violation × Brand Apology	Third-Party Responses	Supported
H6d	Competence → Internal Apology	Forgiveness	Supported
H7d	Competence → External Apology	Forgiveness	Supported
H8d	Integrity → External Apology	Forgiveness	Supported
H9d	Integrity → Internal Apology	Forgiveness	Supported
H10c	Implicit Belief → Trust Violation × Brand Apology	Forgiveness	Not Supported
H6e	Competence → Internal Apology	Post-Violation Trust	Supported
H7e	Competence → External Apology	Post-Violation Trust	Supported
H8e	Integrity → External Apology	Post-Violation Trust	Not Supported
H9e	Integrity → Internal Apology	Post-Violation Trust	Not Supported
H10d	Implicit Belief → Trust Violation × Brand Apology	Post-Violation Trust	Not Supported

Table 26: Summary of Hypothesis Testing (Study 2)

	Study 1			Study 2		
	Mean	SD	Cronbach's	Mean	SD	Cronbach's
Independent Variable						
<i>Implicit Beliefs</i>	12.55	5.50	.95	11.40	5.24	.95
Dependent Variables						
<i>Voice Responses</i>	4.34	2.08	.95	4.09	2.12	.85
<i>Private Responses</i>	4.99	1.44	.81	4.83	1.39	.83
<i>Third Party Responses</i>	3.48	1.91	.90	3.03	1.75	.86
<i>Forgiveness</i>	3.84	1.44	.86	4.11	1.43	.86
<i>Post-Violation Trust</i>	2.38	1.35	.95	2.30	1.24	.96
Covariates						
<i>Anger</i>	4.34	1.67	.94	-	-	-
<i>Dissatisfaction</i>	3.08	1.96	.96	-	-	-
<i>Product Involvement</i>	5.61	1.45	.97	5.14	1.42	.95

Note: Mean scores are based on a scale of 1 to 7 except for *Implicit Beliefs*. For *Implicit Beliefs*, the sum of three item scores was used, which ranged from 3 to 21.

Table 26: Descriptive Statistics of Measures (Study 1 and Study 2)

CHAPTER 4. Discussion

This dissertation consists of two studies to investigate the role of the type of brand trust violation, consumer implicit beliefs, and the type of brand apology in the consumer forgiveness and trust rebuilding process. The purpose of Study 1 was to examine how different brand trust violations and consumer implicit beliefs influence consumer responses to the violations. The findings showed that the impact of each factor was different depending on individual differences among consumers based on their implicit beliefs. Although consumer implicit belief was not always a significant factor, the findings still suggest that it is one influential factor in understanding the way consumers respond to trust violations. Indeed, the findings revealed how consumers with different implicit beliefs responded differently to different types of trust violations and how these differences would or would not induce private responses, third-party responses, and forgiveness. However, it appeared that consumer implicit beliefs might not work as critical factors in influencing and inducing voice responses or increasing post-violation trust. Study 2 examined how brand trust violation and brand apology influenced consumer complaint behaviors (voice, private, and third-party responses), forgiveness, and post-violation trust. Study 2 further investigated whether consumer implicit beliefs influenced the effects of trust violation and brand apology. Overall, the findings showed the relationship between trust violation and brand apology as hypothesized; however, it appeared that implicit beliefs and brand apology might not always influence consumer behaviors after a trust violation.

VOICE RESPONSES

Voice response is the only type of consumer complaint that is much sought after by brands these days. Brands acknowledge that voice responses induce constructive consequences by enabling open discussion between consumers and the brand as well as decreasing the possibility that consumers will engage in third-party responses (Blodgett & Granbois, 1992; Singh, 1988; Tax et al., 1998). Accordingly, brands actually seek to find ways to intensify customer services and to build other brand contact points where consumers actively communicate with the brands about their complaints (Blodgett, Wakefield, & Barnes, 1995; Tax et al., 1998). The findings, therefore, provided a better understanding of conditions that induce voice responses among consumers after brand trust violations happen. Overall findings on voice responses indicated that brands can expect more voice responses from consumers when a competence-based versus an integrity-based brand trust violation occurs. This also remained true regardless of the type of brand apology, indicating that the type of brand trust violation may be a more critical factor in inducing voice responses than the type of brand apology follows. The findings also suggested that consumer implicit beliefs influenced the intention to participate in voice responses only when a brand provided consumers with an apology. Specifically, consumers holding incremental beliefs were more likely to voice their complaints regarding a competence-based brand trust violation than regarding an integrity-based brand trust violation when the brand offered an apology, regardless of the type. The following paragraphs elaborate on the results regarding voice responses and their interpretation.

The results regarding voice responses showed that consumers experiencing a competence-based versus an integrity-based brand trust violation were more likely to engage in voice responses. This finding showed that whether consumers engage in voice responses was not influenced by consumer implicit beliefs, which was inconsistent with previous research on interpersonal relationships. For example, Kammrath and Dweck (2006) showed that people holding incremental beliefs were more likely than those holding entity beliefs to voice their negative feelings to their partners who transgressed the relationships because they believed that the situation could be improved. This difference in findings may be due to the differences between interpersonal and consumer-brand relationships and the goals of responses. Voice responses in interpersonal relationships are considered to be the instrumental tool for improving the transgressed relationship, and the focus is on the relationship itself (Kammrath & Dweck, 2006). In consumer-brand relationships, however, consumers engage in voice responses not only because they are concerned about improving the relationship but also because they need remedies to compensate for the negative brand experience (Singh, 1988). Therefore, although some consumers may seek the remedies in order to maintain the relationship with the brand, other consumers may regard it as their basic consumer rights. Along these lines, previous research has suggested that people holding entity beliefs are prone to retribution and punishment toward others' wrongdoings, while those holding incremental beliefs favor rehabilitation of the relationship (Chiu, Hong, et al., 1997; Gervy et al.,

1999). This notion explains how consumers holding incremental and entity beliefs can engage in voice responses with different goals.

The difference in voice responses between interpersonal and consumer-brand relationships also explains why a competence-based brand trust violation induces more voice responses than an integrity-based brand trust violation. It has been suggested that negative information about integrity is more informative and diagnostic (Martijn et al., 1992; Skowronski & Carlston, 1987), which might have made consumers consider an integrity-based trust violation as more severe and might have prompted them to demand more attention from the brand with voice responses. However, the findings of this study showed that a competence-based brand trust violation induced more voice responses than an integrity-based trust violation. This may have been because a consumer-brand relationship is basically a commercial relationship, and an integrity-based violation does not directly harm consumers' experiences with the product. Thus, when an integrity-based trust violation happens, there is no need for consumers to seek remedies that require the extra effort that voicing concerns requires. Indeed, the findings of Study 1 also showed that a competence-based brand trust violation rather than an integrity-based brand trust violation caused more third-party responses among consumers. Because third-party responses require extra effort from consumers (Singh, 1988), there may not have been enough motivation for consumers to engage in third-party responses in response to integrity violations since their brand experiences with the product were not affected. This pattern was not the case for private responses, which focus more on consumers communicating their negative experiences within their social circles (Day & Landon,

1977): the findings showed that consumers were more likely to engage in private responses toward an integrity-based trust violation than a competence-based trust violation. This will be further discussed in the following sections.

Additionally, the findings showed that brand apology did not have a significant effect on consumer voice responses. This indicates that whether the brand apology is appropriate or not may not be important when consumers decide whether to engage in voice responses. This can be explained by the notion that consumer complaint behaviors are goal-directed, and voice responses are intended to seek the remedies (Day, 1980); as such, the appropriateness of a brand apology is something separate. Thus, it is expected that consumers engage in voice responses irrespective of whether they are provided with an appropriate brand apology and at the same time engage in other complaint responses based on their evaluation of the brand apology. Indeed, previous studies have suggested that consumer complaint behaviors are not mutually exclusive, and thus, consumers may participate in more than one behavior (Landon, 1977; Liu & McClure, 2001; Singh, 1988; Singh & Wilkes, 1996).

PRIVATE RESPONSES

Private responses may be the least controllable form of consumer complaint behavior not because they are hard to manage but because they happen within consumers' social circles, so it is hard to know if they happen or not. Also, consumers tend to engage in private responses when they believe a voice response, which is expected to induce constructive consequences, would not work to improve the situation (Singh & Wilkes,

1996): the more devastating consumers believe the situation is, the more likely they are to engage in private responses. The findings of Study 1 and Study 2 confirmed this and provided insights regarding when a brand can expect private responses to occur among consumers.

First of all, the findings regarding private responses showed that consumers who experienced an integrity-based brand trust violation were more likely to engage in private responses than those experiencing a competence-based brand trust violation regardless of whether they were provided with a brand apology. This indicates that consumers tend to consider that an integrity-based brand trust violation has smaller room for improvement than a competence-based brand trust violation as the literature on negative information processing has suggested (Kim et al., 2004).

This tendency was more obvious when a brand apology was provided. Previous research has suggested that an apology with internal attribution is considered to be effective for a competence-based trust violation, while an apology external attribution is considered to be effective for an integrity-based trust violation (Ferrin, Kim, Cooper, & Dirks, 2007; Kim et al., 2006; Kim et al., 2004). The findings showed that when an integrity-based trust violation happened, consumers were more likely to engage in private responses when they were provided with a brand apology with internal attribution. This may be because the internalization of the cause for an integrity-based trust violation can heighten the diagnostic aspects of negative information about integrity. The pattern was not significant for a competence-based trust violation: the findings showed that consumers experiencing a competence-based trust violation showed a similar level of

private responses no matter which type of brand apology was provided; however, the frequency of an brand apology with external attribution was higher than that of an brand apology with internal attribution. It seems that the type of brand apology did not matter to consumers who experienced a competence-based brand trust violation.

Second, consumer implicit beliefs influenced consumer intent to participate in private responses only when consumers held incremental beliefs rather than entity beliefs. Specifically, consumers holding incremental beliefs were more likely to engage in private responses to an integrity-based trust violation than to a competence-based trust violation. Consumer complaint responses are goal-directed behaviors (Day, 1980), which often can explain why consumers engage in a certain type of complaint response. People with incremental beliefs fundamentally believe in malleability and the possibility of improvement; however, this belief sometimes backfires and leads them to think that the negative situation should have been managed early on (Kim et al., 2004). The latter tendency likely occurred when consumers encountered an integrity-based trust violation because the negative diagnostic information about the company's behavior that it provides even exacerbates the situation. In contrast, consumers holding entity beliefs did not show significant differences in responding to an integrity-based versus a competence-based trust violation, as hypothesized. This is because consumers holding entity beliefs do not believe in the possibility of change any way, which might nullify the effects of the negative diagnostic information.

Lastly, aforementioned differences caused by the beliefs in malleability between incremental beliefs and entity beliefs were found when considering the effects of brand

apology. That is, consumers holding incremental beliefs responded differently to different combinations of the type of brand trust violation and the type of brand apology while those holding entity beliefs did not show significant differences. Specifically, consumers holding incremental beliefs engaged in more private responses when they received an internal attribution apology for an integrity-based brand trust violation and an external attribution apology for a competence-based brand trust violation. In these two conditions, brand apology backfired, worsening the situation because it might have accentuated the impact of the diagnostic negative information.

THIRD-PARTY RESPONSES

Third-party response is one of the most feared consumer complaint behaviors as it not only implies that neither voice response nor private response has worked, but also it publicizes the situation. Assuming that private response and third-party response would be to voice response, Study 1 and Study 2 first predicted that consumers would show similar patterns in terms of private and third-party response. Interestingly, however, the findings showed a bit different pattern in third-party responses. Unlike for voice responses and private responses, it was consumers holding entity beliefs that were more likely to engage in private responses than those holding incremental beliefs. A few possible explanations can be offered. First of all, it has been suggested that third-party responses are considered to be a higher level of consumer complaint behavior, which requires extra effort (Day, 1980). In addition, third-party responses tend to be preferred among consumers when they believe the brand is not responsive enough to the lower

levels of complaint behaviors (voice and private responses) (Singh & Wilkes, 1996).

Accordingly, consumers who are negative about a brand's responsiveness and potential to improve are likely to participate in third-party responses. Similarly, consumers with incremental beliefs are less likely to be involved in third-party responses because if they can hear from the brand through voicing their complaints, further actions are not necessary.

Second, although third-party responses do not involve a direct confrontation with the brand, they could have a formidable effect on the brand in that third-party responses are public actions that publicize the incident (Liu & McClure, 2001). Thus, it may suggest that third-party responses take on the character of punishment. People holding entity beliefs are known to favor punishment and retribution for poor performance in an academic setting (Chiu, Dweck, et al., 1997), which may cause them to engage in third-party responses. Entity beliefs that give preference to punishment also influenced the way consumers holding such beliefs perceived the type of brand trust violation and the type of brand apology. Specifically, the interplay between the type of brand trust violation and the type of brand apology was only found among consumers holding entity beliefs, not among those holding incremental beliefs. Consumers holding entity beliefs were more likely to engage in third-party responses when they received an external attribution apology for a competence-based brand trust violation and an internal attribution apology for an integrity-based brand trust violation.

FORGIVENESS

The results regarding forgiveness partially supported the suggested hypotheses but yielded an interesting interpretation. The results of Study 1 showed that consumers, regardless of their implicit beliefs, tended to consider a competence-based brand trust violation to be more forgivable than an integrity-based brand trust violation, which can be explained by the diagnostic positive information of competence and the diagnostic negative information of integrity (Skowronski & Carlston, 1987). The findings of Study 2 also showed that an internal attribution apology for a competence-based trust violation and an external attribution apology for an integrity-based trust violation were more likely to induce forgiveness of the brand among consumers, which is consistent with previous studies (Kim et al., 2006; Kim et al., 2004). When considering the effects of consumer implicit beliefs, however, they showed a quite different pattern among consumers holding incremental beliefs.

It was initially hypothesized that consumers with incremental beliefs would be more likely to forgive the brand when experiencing a competence-based than an integrity-based trust violation, which was supported. This may be because the malleability that suggests room for improvement and the diagnostic positivity about competence. The hypotheses also predicted that consumers holding entity beliefs would not show differences in forgiving the brand no matter what the trust violation concerned; however, the findings showed that they were more likely to forgive the brand when the brand violated an integrity-aspect of trust. The notion that consumer-brand relationships are basically commercial relationships can explain this relationship because those

commercial relationships may nullify the diagnostic power of negative information about integrity. This pattern was also found when consumers experiencing an integrity-based brand trust violation were more likely to engage in voice responses and less likely to engage in private responses. In all of these cases, an integrity-based trust violation would not directly harm brand performance, so for consumers holding entity beliefs, an integrity-based trust violation would be more forgivable than a competence-based trust violation.

The results showed, however, that consumers holding incremental beliefs did not behave in this way. Then, why did this commercial aspect of the relationship not influence consumers holding incremental beliefs? This may be because consumers holding incremental beliefs are willing to voice their complaints in order to improve the situation when a competence-based brand trust violation occurs, which eventually increases the possibility of forgiveness. This may not be a case for an integrity-based brand trust violation that makes consumers holding incremental beliefs consider that the brand should have managed the situation appropriately before the violation happened, which decreases the possibility of forgiveness.

In addition, the type of brand apology functioned as predicted in yielding forgiveness among consumers. That is, consumers experiencing a competence-based brand trust violation were more likely to forgive the brand when they received an internal attribution apology from the brand. Similarly, those experiencing an integrity-based brand trust violation were more likely to forgive the brand when they received an external attribution brand apology. When the effects of different type of brand apology were

considered, the findings, however, suggested that consumer implicit beliefs might not be a critical factor in forgiving the brand if a brand apology that is believed to be appropriate is provided.

POST-VIOLATION TRUST

Previous research has shown that forgiveness enhances the extent of post-violation trust (Schoorman et al., 2007; Xie & Peng, 2009). Accordingly, it was expected that the conditions that were expected to induce forgiveness would increase the extent of post-violation trust. As with forgiveness, the results showed that consumers who experienced an integrity-based brand trust violation showed a lower level of post-violation trust. This finding is consistent with previous research in that people tend to consider the negative information about integrity, rather than that about competence, to be more critical in evaluating the subject, making them negative toward the subject (Kim et al., 2004; Skowronski & Carlston, 1987). The impact of an integrity-based brand trust violation was so influential that the type of brand apology did not influence the way consumers perceived the violation.

When a competence-based brand trust violation happened, however, consumers were influenced by the types of brand apologies they received for different types of brand trust violation. That is, when experiencing a competence-based brand trust violation, consumers showed a higher level of post-violation trust when they received an internal attribution brand apology than an external attribution brand apology. This is because an external attribution brand apology for a competence-based brand trust violation signals

the evasion of responsibility (Weiner, 1986; Weiner et al., 1987), lowering the level of post-violation trust accordingly (Kim, Cooper, Dirks, & Ferrin, 2013; Kim et al., 2004). Interestingly, however, this interplay between a competence-based brand trust violation and an internal attribution brand apology on post-violation trust was only found among those holding incremental beliefs. This may be because consumers holding entity beliefs do not believe in the malleability, and this makes them consider the improvement of the situation very unlikely, and thus, whether they receive a brand apology and whether it is appropriate or not may not be an issue for them.

MANAGERIAL IMPLICATIONS

Brands can use the findings of this study to build their crisis management strategies. First of all, because consumers perceive different types of brand trust violation differently, brands need to understand which aspect of brand trust has been violated so that they can provide a suitable type of brand apology. Simply put, when the violation is categorized as a competence-based brand trust violation, an internal attribution brand apology may work better to improve the situation, while an external attribution brand apology may work better for an integrity-based brand trust violation. In regards to this, brands can even frame the violation in the way that they want their consumers to perceive it. For example, the way an issue is framed in strategic marketing messages influences the way the target audience perceives it and the importance of the issue in particular (Wickham, 2007). Also, although each component of brand trust is distinct by nature, consumers often find that the components overlap. Therefore, if consumers are able to

accept the message as framed by the brand, it will enable the brand to manage the issue more effectively. For example, in June 2015, Whole Foods Market's New York City stores were accused of overcharging their pre-packaged food. New York City Department of Consumer Affairs (DCA) initially reported the incident as an integrity-based brand trust violation by describing the company as "routinely" overstating the weight (Miller, 2015). A week after the allegation, Whole Foods Market delivered a public apology framing the incident as "some mistakes" that their employees made (Malcolm, 2015), which could be interpreted as a competence-based brand trust violation.

Second, based on how consumers perceive the violation, brands may need to customize their crisis management strategies and the type of brand apology in particular. The findings of this study confirm the findings of previous research by showing that an internal attribution apology provided for a competence-based brand trust violation and an external attribution apology for an integrity-based brand trust violation induced more constructive consumer responses, while the opposite conditions induced more destructive responses among consumers. How to respond to an incident with an appropriate type of brand apology is critical because the extent of devastating impact of an inappropriate brand apology tends to be bigger than that of the positive impact of appropriate brand apology. Examples of bad brand apologies are not uncommon in reality. For example, after Whole Foods Market was accused of overcharging, the brand positioned the incident as a mistake, which was considered as a competence-based brand trust violation, but it blamed the employees who were in charge of weighing and packaging, which could be considered as an external attribution apology. Presumably because of this

inappropriate type of brand apology provided, Whole Foods Market has suffered from negative perceptions by customers for a while (BrandIndex, 2015). A more notable example would be the Gulf of Mexico oil spill and BP's response to it. When the incident happened, chief executive Tony Hayward attempted to shift the blame for the accident to the US owner of the sunken rig (Webb, 2010), which was obviously a form of external attribution brand apology. It is well known that BP's response caused a devastating impact on the company. Therefore, when brand trust violations occur, brands first need to understand correctly how consumers perceive the violation, that is, whether consumers consider it as a competence-based or an integrity-based brand trust violation. Then, brands can customize an appropriate type of brand apology accordingly.

Lastly, the findings suggest that brands understand how consumers see themselves and the world (i.e., implicit beliefs) as it influences the way consumers perceive brand trust violations and apologies. It might be almost impossible to measure individual customers' implicit beliefs and customize brand apology statements accordingly. Instead, brands may be able to temporarily activate a certain type of self-concept related to implicit beliefs. Self-concepts are regarded as dynamic and malleable, and thus, can be temporarily activated under a certain condition (Markus & Kunda, 1986). Indeed, situational priming of self-concept has been widely adopted in marketing studies (J. L. Aaker & Lee, 2001; Chang, 2010; Gardner, Gabriel, & Lee, 1999; Sung & Kim, 2010). For example, in examining the interplay between the self-construals and regulatory focus in the context of advertising message effectiveness, Sung and Choi (2011) compared the results based on the chronic self-construals (using the measure) and

the results based on the activated self-construals (using the manipulation), indicating that the two conditions yielded the same results. Activation of implicit beliefs has been found not only in the psychology literature (Dweck, 1991) but also in the brand literature (J. K. Park & John, 2010; Yorkston et al., 2010). Therefore, brands in crisis can activate the desired consumer implicit beliefs by using particular statements in brand apology statements that can activate implicit beliefs.

LIMITATIONS AND FUTURE RESEARCH

This research has a few limitations that can be addressed in future research. First, although there are many crisis management strategies, this research only focused on different types of brand apologies. Coombs and Holladay (2008) even indicated that apology is not always the best crisis response. Among many possible crisis responses, monetary compensation may be one of the most frequently employed in practice. It is true that monetary rewards have been considered as one of the factors influencing consumer behaviors in various contexts including brand relationship norms (Aggarwal, 2004), sales promotion (Luk & Yip, 2008; Yi & Yoo, 2011), and service failure and recovery (Wirtz & Mattila, 2004). In regards to this, Murphy and Dweck (2016) suppose that consumers holding entity beliefs will be more likely to respond positively toward monetary compensation because they tend to be skeptical about the possibility to improve the situation and thus more likely to stick with monetary compensation such as a reimbursement, refund, or coupon. By contrast, those holding incremental beliefs may prefer to receive instructions about improving the situation because they believe it can be

improved. In addition to monetary rewards, reticence (Ferrin et al., 2007) or denial (Kim et al., 2004) can be also considered as other types of brand crisis responses.

A second limitation is that the current study considered only two out of three components of brand trust, competence and integrity, and excluded benevolence. Although previous research has indicated how confusing it would be to clearly differentiate benevolence from the other two components (Kim et al., 2006; Kim et al., 2004; Mayer et al., 1995), benevolence is a critical component of brand trust especially in understanding its violation. Benevolence can be differently conceptualized and empirically investigated along with the other two components of trust, competence and integrity. Benevolence has been rarely empirically investigated because the literature indicates it emerges as relationships develop, and thus, it is hard to make judgments about it in the initial stages of the relationships (Mayer & Gavin, 2005; Schoorman et al., 2007). Recently, Urban and Sultan (2014) investigated the function of “benevolent apps,” which are not directly tied to increasing sales but rather to advancing consumers’ interests and advocating their needs beyond a company’s own corporate profits. For example, Liberty Mutual, an insurance company, offers a home inventory app to everyone (especially ones are in process of moving) so that people can record their valuable-items in a digital safe with text and photos. This app is suggested to increase the benevolent aspect of trust for Liberty Mutual because Liberty Mutual does not offer moving service or sell a safe but offers this app only to build brand trust and improve brand image (Urban & Sultan, 2014). In a similar line, benevolent behaviors and practices are considered as “extra-role” actions beyond the explicit contract

(Sirdeshmukh et al., 2002). Thus, benevolence can become a determining factor to enhance brand trust as competence and integrity do in initial stages of consumer-brand relationships. If benevolence takes substantial and important aspect of brand trust, it will certainly influence how consumers perceive and respond to its violation (i.e., a benevolence-based brand trust violation). Two possible findings are expected from inclusion of benevolence. First, because brands' benevolent behaviors are extra roles, consumers might consider a benevolence-based brand violation to be more acceptable. At the same time, however, consumers might not be able to characterize benevolent behaviors as something extra, making them consider benevolent behaviors as either competence or integrity aspect of brands.

The third limitation is that this research did not consider characteristics of brand trust and brand relationships that exist prior to the violation. Previous research has shown that consumer behaviors are influenced by consumer-brand relationship norms (i.e., communal versus exchange) (Aggarwal, 2004), relationship quality (i.e., commitment, brand partner quality, self-connection, intimacy, nostalgia, love, trust) (J.-W. Park, Kim, & Kim, 2002) or brand personality (Smit, Bronner, & Tolboom, 2007). Specifically in the context of brand transgression, Sohn and Lariscy (2012) examined the impact of relationship contextual cues (i.e., corporate ability versus corporate social responsibility) and demonstrated that a high-profile on corporate ability would function as a buffer in brand crisis situation while a high-profile on corporate social responsibility could sometimes backfire. Therefore, future research can include prior brand or brand relationship factors for a more extensive understanding.

This dissertation contributes to the brand trust literature by revealing factors that can facilitate constructive consumer responses toward a brand trust violation, such as voice responses, forgiveness, and post-violation trust, as well as reduce destructive consumer responses, such as private responses and third-party responses. Furthermore, theoretically, this study advances understanding of hierarchically restrictive schemas, negativity bias, and attribution theory by showing how these factors determine whether consumers engage in constructive or destructive responses. Specifically, the findings of this dissertation study showed that consumers reacted to a different type of brand trust violation differently based on how they perceived the world (i.e., consumer implicit belief) and how the brand responded to the violation (i.e., brand apology). In addition, how consumers react to the violation was represented as different types of consumer complaint behavior—voice responses, private responses, and third-party responses—and they influenced the extent of forgiveness and post-violation trust. This study demonstrated that brands must understand the type of brand trust violation and the characteristics of the target audience if they want to apologize effectively and rebuild trust after a crisis.

Appendix A: Measures for Study One

MANIPULATION CHECK

Perceived Competence

1. The brand is very capable of performing her job.
2. The brand has much knowledge about the work that needs to be done on the job.
3. I feel very confident in the brand's skills.

Perceived Integrity

1. I like the brand's value.
2. Sound principles seem to guide the brand's behavior.
3. The brand has a great deal of integrity.

INDEPENDENT VARIABLES

Implicit Beliefs about Moral Character

1. A person's moral character is something very basic about them and it can't be changed much.
2. Whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed much.
3. There is not much that can be done to change a person's moral traits.

DEPENDENT VARIABLES

Voice Responses (Consumer Complaint Responses)

1. I would discuss the problem with manager or other employee of the firm.
2. I would ask the firm to take care of the problem (e.g., to fix or replace item or to return your money).
3. I would complain to the company about the service quality.
4. I would complain to the company about the way I was treated.

Private responses (Consumer Complaint Responses)

1. I would avoid that firm's products or services from then on.

2. I would buy from another firm the next time.
3. I would speak to my friends and relatives about my bad experience.
4. I would convince my friends and relatives not to do business with that firm.

Third-party responses (Consumer Complaint Responses)

1. I would complain to a consumer agency and ask them to make the company take care of the problem.
2. I would write a letter to a local newspaper about my bad experience.
3. I would report to a consumer agency so that they can warn other consumers.
4. I would take some legal action against the company.

Forgiveness

1. I would get stuck in negative thoughts about the brand.
2. I would continue to think negatively about the brand.
3. I would eventually make peace with the brand.
4. It would be really hard for me to accept this negative situation.
5. I would eventually let go of negative thoughts about the incident.

Post-Violation Trust

1. Generally speaking, I trust this brand.
2. Generally speaking, this brand is dependable.
3. Generally speaking, this brand is reliable.
4. I will buy this brand's products when I need a wearable device.
5. I am willing to recommend this brand to my relatives and friends.
6. I am willing to try new products introduced by this brand.

COVARIATES

Anger

1. I felt enraged about the incident.
2. I felt angry about the incident.
3. I felt mad about the incident.

Dissatisfaction

1. I felt dissatisfied.
2. I felt displeased.

3. I felt discontented.

Involvement

1. Important—unimportant
2. Of no concern—of concern to me
3. Means a lot to me—means nothing to me
4. Matters to me—does not matter
5. Significant—insignificant

Appendix B: Measures for Study Two

MANIPULATION CHECK

Perceived Competence

4. The brand is very capable of performing her job.
5. The brand has much knowledge about the work that needs to be done on the job.
6. I feel very confident in the brand's skills.

Perceived Integrity

4. I like the brand's value.
5. Sound principles seem to guide the brand's behavior.
6. The brand has a great deal of integrity.

Brand Apology

1. What was the accusation?
2. What was Venster's response to the accusation?

Attribution for Brand Apology

1. To what extent was this person responsible for causing the incident?
2. To what extent was this person intentional in causing the incident?
3. To what extent did this person have control over the incident?
4. To what extent was this incident caused by situational factors no one could control?

INDEPENDENT VARIABLES

Implicit Beliefs about Moral Character

4. A person's moral character is something very basic about them and it can't be changed much.
5. Whether a person is responsible and sincere or not is deeply ingrained in their personality. It cannot be changed much.
6. There is not much that can be done to change a person's moral traits.

DEPENDENT VARIABLES

Voice Responses (Consumer Complaint Responses)

5. I would discuss the problem with manager or other employee of the firm.
6. I would ask the firm to take care of the problem (e.g., to fix or replace item or to return your money).
7. I would complain to the company about the service quality.
8. I would complain to the company about the way I was treated.

Private responses (Consumer Complaint Responses)

5. I would avoid that firm's products or services from then on.
6. I would buy from another firm the next time.
7. I would speak to my friends and relatives about my bad experience.
8. I would convince my friends and relatives not to do business with that firm.

Third-party responses (Consumer Complaint Responses)

5. I would complain to a consumer agency and ask them to make the company take care of the problem.
6. I would write a letter to a local newspaper about my bad experience.
7. I would report to a consumer agency so that they can warn other consumers.
8. I would take some legal action against the company.

Forgiveness

6. I would get stuck in negative thoughts about the brand.
7. I would continue to think negatively about the brand.
8. I would eventually make peace with the brand.

9. It would be really hard for me to accept this negative situation.
10. I would eventually let go of negative thoughts about the incident.

Post-Violation Trust

7. Generally speaking, I trust this brand.
8. Generally speaking, this brand is dependable.
9. Generally speaking, this brand is reliable.
10. I will buy this brand's products when I need a wearable device.
11. I am willing to recommend this brand to my relatives and friends.
12. I am willing to try new products introduced by this brand.

COVARIATES

Involvement

6. Important—unimportant
7. Of no concern—of concern to me
8. Means a lot to me—means nothing to me
9. Matters to me—does not matter
10. Significant—insignificant

Appendix C: Scenarios for Study One

COMPETENCE-BASED TRUST VIOLATION

Products can't track steps, calories as accurately as X claimed

Customers have complained about poor performance of Company X's latest version of its wearable device, *ABC*. Since *ABC* was released last May, thousands of consumer complaints have been filed with the Federal Trade Commission (FTC)'s Bureau of Consumer Protection. Most of the complaints alleged that Company X was involved in false advertising since *ABC* failed to perform as its ad campaign promised. Findings of a new study published in the Journal of the American Medical Association (JAMA) support these consumer complaints. The study claims that *ABC* is the least accurate wearable device on the market. Most devices and apps that were the subject of the study were very accurate; however, *ABC* was found to undercount steps and calories by nearly 34 percent. This highlights the fact that many claims from companies wanting to promote their consumer health products may reflect more marketing than science.

Product faces a consumer safety investigation prompted by complaints about allergic reactions (*used in the main study)

Company X received many complaints that the latest version of its wearable device, *ABC*, causes skin irritation. Since *ABC* was released last May, thousands of consumer complaints have been filed with the Consumer Product Safety Commission (CPSC), the government agency in charge of protecting consumers from dangerous consumer products and regulating safety issues with those products. Most complaints were about skin irritation in the areas where the wristbands were worn, ranging from redness to festering blisters, which in some cases reportedly required medical attention. Ten percent of the complaints that were filed even reported burn injuries, with possible lifetime scarring. In response to these complaints, the CPSC conducted an investigation and released results confirming that electrical components in the watch and materials in the wristband were causing skin irritations.

INTEGRITY-BASED TRUST VIOLATION

Company X is accused of stealing information by hiring workers away from their main competitor.

Company X is being sued by Company Y, one of its biggest competitors, for “systemically plundering” confidential information by hiring Company Y’s employees, who improperly downloaded sensitive materials shortly before leaving. According to the complaint, recruiters for company X contacted nearly one-third of Company Y’s employees early this year. Some of those employees then decided to leave, but before doing so, they downloaded information like Company Y’s current and future business plans and products. Those individuals used thumb drives to download files and used programs to cover their tracks or deleted logs, according to the court filing.

X is accused of dodging taxes (*used in the main study)

Company X is accused of avoiding about \$2 billion in worldwide income taxes in 2014 by shifting \$9.8 billion in revenues into a Bermuda shell company, almost double the total that their filings had shown for the previous three years. By legally funneling profits from overseas subsidiaries into Bermuda, which doesn’t have a corporate income tax, Company X cut its overall tax rate almost in half. The amount moved to Bermuda is equivalent to about 80 percent of Company X’s total pretax profit in 2014. The increase in Company X’s revenues routed to Bermuda, disclosed in a November filing by a subsidiary in the Netherlands, could fuel outrage spreading across Europe and in the U.S. over corporate tax dodging. Last year, as a result of its creative bookkeeping to shift profits to a country with no income tax, Company X succeeded in paying a tax rate of just 3.2 percent on the profit it said was earned overseas, even as most of its foreign sales were in European countries with corporate income tax rates ranging from 26 percent to 34 percent.

Appendix D: Scenarios for Study Two

COMPETENCE-BASED TRUST VIOLATION

New Ventster's Smartphone Faces Battery Complaints

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Recently, Venster suffered from widespread complaints about its new smartphone battery life. Many of the people complaining say the battery on the new phone seems to drain quickly even when they're not using the device much and even after they have shut down some of the power-hungry features that can affect battery performance.

"The more often you drain the charge and recharge your phones, the sooner they'll need replacing. If your battery's busted after just six months, however, it's probably faulty and you should make a warranty claim for a replacement," Consumer Reports commented. The other problems appear to involve bulging devices, leaking fluid, and unexpected rebooting of the devices without warning.

Technology specialists are speculating that Venster may have sacrificed some battery capacity in favor of lighter phone although a 'speedy chip' used in a new model works with the higher-speed networks and requires more data throughput. Here, moving more data faster means using more power.

Labor Rights Group Accuses Venster of Labor Abuses

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A labor rights group, China Labor Watch, accuses Venster of not effectively monitoring standards along some of its supply chain, allowing its manufacturing companies, including Taiwanese assembler MTech, to keep base wages below the local standard of living. The group in the report alleged that its low labor costs helped MTech win Venster's business. Venster is known to consistently choose the cheapest manufacturer even when it suppresses wages. The labor group reported that a majority of MTech production employees worked 66 to 69 hours a week, far above China's legal limit of 49 hours. It reported that pregnant women were sometimes required to work 11-hour days, more than the eight-hour legal limit, and employees were under pressure to falsify time cards to conceal the violations. It also alleged that workers received only six hours of safety training instead of the 24 hours required by Chinese law, and claimed that managers at factories instructed workers to cheat on tests to pass the training.

Venster Apologizes, “We accepted full responsibility”

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On Wednesday, Venster issued a [public apology](#) to customers, because the company had suffered from widespread [complaints about its new smartphone battery life](#).

According to an apology statement, [Venster accepted full responsibility](#) for its new smartphone’s battery problems. Venster’s CEO said in a statement, “We sincerely apologize for the frustration this has caused. We acknowledge that there were some [technical problems in batteries](#) that we did not anticipate or handle appropriately.”

“For our new sleeker smartphone, we came up with a new battery design; however, this new design resulted in sacrificing some battery capacity,” explained the CEO in the statement.

According to the statement, “We tested the new phone but did not expect [the new design to interfere with battery performance](#). We were stunned and embarrassed when battery problems occurred. We didn’t know enough.”

“Now we realize [we were not as knowledgeable as we should have been](#) to turn our idea into a reality, and as a result, our design caused battery problems. We are truly sorry for what occurred and have corrected the problem. Our customers should have no concern about our products in the future.”

Venster Apologizes, but “We’re NOT responsible”

Venster said its faulty batteries were outsourced to MTech

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On Wednesday, Venster issued [a press release](#) to customers, because the company had suffered from widespread complaints about its new smartphone battery outsourced to its manufacturing partner, MTech.

According to a statement, [Venster was not ultimately responsible](#) for this incident. Venster’s CEO said in a statement, “We acknowledge that there were [some technical problems in the batteries outsourced to MTech](#) that MTech did not handle appropriately.”

“MTech assured us that their battery design would not compromise performance, and we trusted their assessment; however, in the end, [MTech’s approach](#) resulted in sacrificing some battery capacity,” explained the CEO in the statement.

According to the statement, MTech was not knowledgeable enough to ensure acceptable performance with the sleeker design. “[MTech did not inform us of the possibility that the new design might interfere with battery performance](#). We were stunned and embarrassed when battery problems occurred,” said the CEO. “MTech didn’t know enough, and we didn’t realize it earlier.”

“The battery problems [resulted from faulty advice from MTech](#), and we feel that we were ultimately not to blame for the problem. We learn a lesson, however, that we need to ensure adequate product performance especially with the outsourced work. We express our regret at what occurred and have corrected the problem. Our customers should have no concern about our products in the future.”

Venster Apologizes, “We accepted full responsibility”

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On Wednesday, Venster issued a public apology to customers because the company had been [accused of labor abuses](#).

According to an apology statement, [Venster accepted full responsibility](#) for mistakes that were made. Venster’s CEO said in a statement, “We sincerely apologize for the frustration this has caused. We acknowledge that there were some labor problems that we did not handle appropriately. We realize that our handling of foreign laborers working for our manufacturing partners was not appropriate.

“Demand for our new smartphone exceeded our initial expectations; however, we thought at the time that [labor issues were of less concern](#) than meeting customer demand,” explained the CEO.

According to the statement, Venster decided to use only its current manufacturing partner, MTech, until the updated version was released and requested that MTech meet the growing demand. [Venster knew this might well compel MTech to have its workers work 90 to 100 hours](#) of overtime per month.

“We wanted to keep our customers happy, and we believed that meeting their demand was essential,” added the CEO. “Now we realize [we were wrong to sacrifice our labor compliance](#), and we should have been more careful. We are truly sorry for what occurred and will not let it happen again. Our customers should have no cause for concern about our integrity in the future.”

Venster Apologizes, but “We’re NOT responsible”

Venster said it was not aware of MTech’s labor abuses

By THE ASSOCIATED PRESS

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On Wednesday, Venster issued a press release to customers because the company’s manufacturing partner, [MTech](#), had been accused of labor abuses.

According to a statement, [Venster was not ultimately responsible](#) for this incident. Venster’s CEO said in a statement, “We acknowledge that MTech engaged in some labor violations. We now realize that their handling of foreign laborers was not appropriate, and that more oversight was required on our part.”

“Demand for our new smartphone exceeded initial expectations; however, MTech was very confident about its ability to manage the growing demand without violating labor laws. We obtained assurances from MTech that labor laws would not be violated.”

According to the statement, however, [MTech eventually compelled its workers](#) to work 90 to 100 hours overtime per month to meet its promises made to Venster. “We now realize that MTech must have known it would have to violate these laws and failed to inform us,” said the CEO.

“We were [not aware of what was happening in MTech](#), and we feel that we were ultimately [not to blame for the problem](#). We learn a lesson, however, that we need to monitor the labor implications of outsourced work more carefully. We express our regret at what occurred and will not let it happen again. Our customers should have no cause for concern about our integrity in the future.”

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